

Implementation Plan

INVEST CLEAN

Measure 2.1 – Battery-Electric Freight Vehicle Deployment Incentive Program

Climate Pollution Reduction Grant
U.S. Environmental Protection Agency



BATTERY-ELECTRIC CLASS 8 TRUCK DEPLOYMENT PROGRAM

1. Introduction

In July 2024, U.S. EPA awarded funds to the South Coast Air Quality Management District (South Coast AQMD) to implement INVEST CLEAN in Los Angeles-Long Beach-Anaheim and Riverside-San Bernardino-Ontario Metropolitan Statistical Areas (MSAs). The two MSAs include the following four counties: Los Angeles, Orange, Riverside, and San Bernardino. The INVEST CLEAN initiative focuses on reducing emissions from the goods movement sector by implementing incentive measures and electrifying the Southern California goods movement corridors. INVEST CLEAN includes four measures, which provide incentives for the installation of electrical charging equipment to support heavy-duty battery-electric (BE) vehicles and replacing high-polluting vehicles and equipment with BE Class 8 freight vehicles, last-mile delivery vehicles, cargo handling equipment (CHE), and switcher locomotives.

Following the overall approaches in the Workplan, this Implementation Plan (Plan) addresses the procedures and methodologies to implement the “Battery Electric Freight Vehicle Incentive Program” (Program) so that the outputs and outcomes specified in the Workplan can be achieved. This Program will incentivize the transition of goods movement operations to advanced technologies and reduce emissions by replacing or upgrading the heavy-duty long-haul Class 8 diesel trucks with battery-electric technology. Total incentive funding of \$28 million is allocated for Class 8 trucks. This Plan describes the funding structure, timeline, application solicitation and distribution procedures, application evaluation process, key program requirements, invoice process, engagement with local communities, data reporting, and other strategies to ensure the successful execution of this Program.

2. Definitions

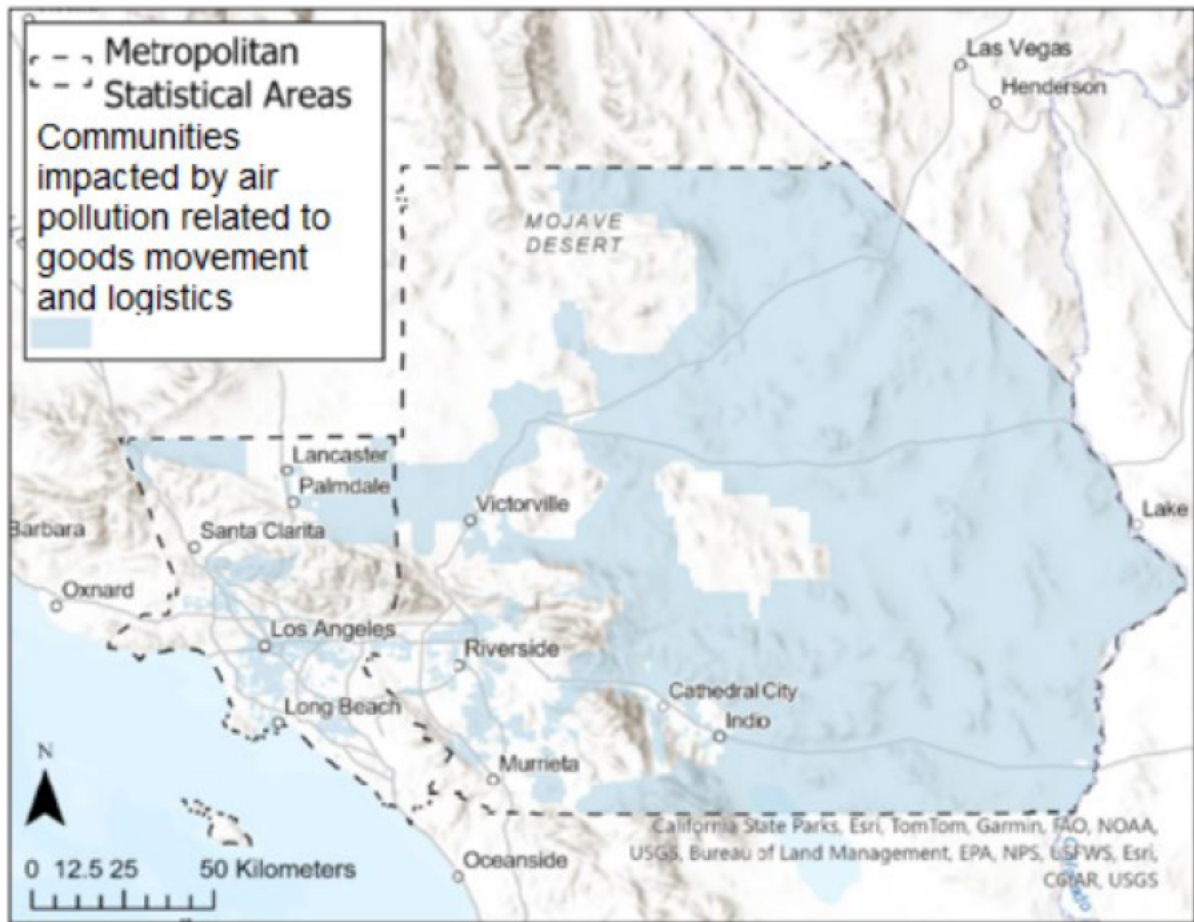
Applicant: Entity that submits an application to the Program.

Goods Movement: As defined in Commercial Code Section 2105, goods are movable and the goods being moved must be part of a transaction that involves a contract for the sale of the goods.

Gross Vehicle Weight Rating (GVWR): The maximum allowable total weight of a vehicle when fully loaded.

Metropolitan Statistical Areas (MSAs): Statistical areas defined by the Office of Management and Budget which have an urban core population of at least 50,000. The INVEST CLEAN program specifically serves the Los Angeles-Long Beach-Anaheim and Riverside-San Bernardino-Ontario MSAs, which include the following four counties: Los Angeles, Orange, Riverside, and San Bernardino.

Figure 1 Area inside the dotted lines represents the two MSA qualified territories



Measure: One of the four battery electric technology categories under the INVEST CLEAN grant. It covers the incentive program, data collection, workforce training, and community outreach. In this Plan, it refers to Battery Electric Freight Vehicles.

Participant Support Costs: Direct cost contributions on behalf of award recipients who are participating in the Program. These are specifically contributions for the vehicle or electric motor(s) procurement/installation costs.

Program: The incentive portion of the Measure for Battery Electric Freight Vehicles under the INVEST CLEAN grant.

Project: A Project is considered the decommissioning of a single existing engine to be replaced with new battery-electric technology that has applied and/or received funding under the Program.

Rebate: Reimbursement of funds to a rebate recipient after they have made an eligible purchase or completed a qualifying activity under the Rebate Agreement. The eligible purchases must be backed up with proof of payment before a rebate payment can be issued.

Rebate Agreement: A written document that establishes the amount, eligibility criteria, responsibilities, and compliance requirements associated with the rebate award, ensuring that funds are used for their intended purpose and that the recipient fulfills the program objectives before payment

Rebate Recipient: The selected entity that enters into a Rebate Agreement with South Coast AQMD. It will be required to fulfill all program requirements – such as purchasing eligible equipment, replacing or scrapping old equipment, and providing required documentation to receive an approved rebate payment. Rebate Recipient is the same as a Program Beneficiary but for consistency purposes, Rebate Recipient will be used in this document.

Replacement: Replacement Projects require the decommissioning of an existing retiring/baseline vehicle and the commissioning of a new battery electric vehicle. Conversion Projects opting to replace only the engine must scrap the baseline engine and install electric motor(s) in the baseline vehicle.

University of California, Irvine (UCI): The designated third-party data collection and verification organization under INVEST CLEAN.

Vehicle Class: Trucks are categorized into different classes based on the GVWR of the vehicle.

Vehicle Class	GVWR Category
Class 4	14,001-16,000 lbs
Class 5	16,001-19,500 lbs
Class 6	19,501-26,000 lbs
Class 7	26,001-33,000 lbs
Class 8	33,001+ lbs

3. Structure

The Program is structured as a rebate-based initiative to reduce emissions associated with goods movement activities by replacing Class 8 diesel equipment with battery-electric technology within the two MSAs, see definition above. Total funding of \$28 million is allocated for this Program. The rebate amount per vehicle is capped at \$400,000, or the procurement/installation cost of the vehicle or electric motor(s), whichever is lower. The program announcement in Attachment 1 illustrates the workflow from application to Project completion for applicants of this Program and provides additional details regarding each process step.

Applications and required documentation must be completed and submitted through the South Coast AQMD's Grant Management System (GMS) customized for this Program. South Coast AQMD staff will review all submitted applications for eligibility and upon the approval of the South Coast AQMD Governing Board, award rebates via a Rebate Agreement. Please refer to Section 6 for additional details and requirements.

Applicant Eligibility

Eligible applicants include asset owners, operators, and independent contractors. Applicants may be public or private entities currently operating a Class 8 vehicle used for goods movement. Projects must achieve reductions of weighted tons of oxides of nitrogen (NO_x), Particulate Matter (PM_{2.5}), and Carbon Dioxide Equivalent (CO₂e).

Vehicle Eligibility

Existing Retiring/Baseline Vehicle

The Program requires that the existing vehicle or engine be scrapped. Below are the requirements for this existing baseline vehicle:

- Eligible baseline vehicles are Class 8 vehicles (GVWR: 33,001+ pounds) involved in goods movement activities.
- Must be diesel-powered.
- Must be domiciled and have operated at least 75% within the MSAs for the prior 12 months from application submittal.
- Must have operated a minimum of 7,000 miles during the 12 months prior to application.

Eligible Replacement Vehicle or Electric Motor(s)

- Must be brand new and battery-electric powered Class 8 vehicles or electric motor(s) (gross vehicle weight rating (GVWR: 33,001+ pounds)
- Must be involved in goods movement activities.
- Must not be powered by hydrogen or any fossil fuels.
- Must be deployed no later than February 2028.
- Must operate at least 75% within the MSAs for a minimum of 5 years after deployment.

Cost Eligibility

Eligible Costs are outlined below.

- Procurement costs of the eligible vehicles or electric motor(s)
- Installation costs of the electric motor(s), if replacing the engine
- Federal, State, and Local Taxes are potentially eligible.
- Certain fees, delivery costs, and warranties may be eligible on a case-by-case basis
- Insurance, registration, and other costs associated with fleet operation are not eligible
- INVEST CLEAN funds cannot be used to pay for energy costs such as charging.

4. Implementation Timeline

The timeline for the release of this Program is established in the Program Announcement (see Attachment 1). South Coast AQMD may reissue the solicitation if there are unencumbered funds or modifications needed for solidification based on the Projects' progress and performance to ensure timely implementation of the Program.

5. Incentive Funding

Rebate Amount

Under this measure, \$28 million is allocated for the Class 8 goods movement zero-emission vehicle incentives. Up to \$400,000 may be provided as a rebate per eligible vehicle, not to exceed the eligible cost of the Project, see Section 3. South Coast reserves the right to modify the funding cap to ensure the Program goals can be achieved.

All applicants must disclose all sources of other funding, including the name of the funding source and the amount of funding. Other funding will be reviewed to determine whether it can be combined, or “stacked” with Measure 2.1 funding. Other federal funding cannot be stacked with funding from this Program. There is no cost share required through this Program.

Rebate Distribution

Rebate payments will be issued after the South Coast AQMD staff approves the invoice submitted for the purchased battery-powered vehicle or motor(s) and the baseline diesel-powered vehicle or engine is scrapped or surrendered. The rebate awardee must ensure that all required documentation is submitted accurately and on time to avoid delays. Rebate awardee shall provide documentation including, but not limited to, the following:

- Proof of purchase, including signed sale agreements and proof of payments
- Proof of vehicle registration and warranty information
- Proof of fleet compliance with applicable fleet/truck regulations
- Proof that the existing vehicle or engine was surrendered to or scrapped by an authorized dismantler

6. Rebate Agreement

Legally binding agreements will be executed between the South Coast AQMD and the selected applicants to ensure Project implementation accountability and that the selected applicants will comply with the timeline, terms and conditions of the program. Documentation of compliance with relevant EPA terms and conditions will be required or in progress prior to agreement execution. The South Coast AQMD has no obligation to fund the Project until an Agreement is fully executed by both parties.

Agreements will include, but will not be limited to, the following requirements:

- Operate and perform proper maintenance of the vehicle according to terms for a minimum of five years.
- Disclose and ensure all the funding received doesn't exceed the Project's total cost.

- Ensure the vehicle or electric motor(s) has a warranty period for a period of use of three years or 50,000 miles, whichever occurs first, for zero-emission powertrain components.
- Be available for a follow-up inspection by South Coast AQMD, upon request.
- Existing vehicle or engine must be scrapped.
- Provision of data to ensure monitoring and compliance through telematics or other travel logs as appropriate.
- Register the vehicle in California with the Department of Motor Vehicles (DMV).
- If requested, an awardee must provide a financial statement and bank reference, or other evidence of financial ability to fulfill Agreement requirements.
- Maintain insurance on the vehicle as required by law.
- Operate the replacement vehicle solely in the goods movement industry
- Maintain a minimum of 75% operation within one or both of the MSAs
- Operate a minimum annual usage of the replacement program based upon the annual usage rate of the baseline vehicle.

Failure to fulfill rebate agreement terms will require corrective action, see Section 10 Monitoring and Compliance.

7. Scrapping Requirements

The existing vehicle must be scrapped according to the following criteria:

- For vehicle replacement, baseline vehicle must be driven, not towed, to a South Coast AQMD-approved dismantler.
- A dismantler receipt must be collected by the applicant and provided to South Coast AQMD before the rebate can be processed.
- South Coast AQMD must be notified prior to delivery to the dismantler. Baseline vehicle or engine must be scrapped within ninety (90) days of the dismantler's receipt.
- The scrapping method must include drilling a three-inch asymmetrical hole in the engine block and cutting the frame rail, as applicable.
- The cost of the dismantling of any baseline equipment will not be reimbursed. Evidence of destruction will be provided to the Awardee by the approved dismantler and must include digital photos of VIN tag, front, side profile, and rear of the vehicle, engine tag, before and after photos of the destroyed engine block, and cut frame rails or other cut structural components as applicable. The Awardee must submit this documentation to South Coast AQMD per the Agreement terms.

8. Outreach and Engagement Strategy

Based on input received from the public, South Coast AQMD will disseminate information and work with local and regional partners throughout the MSAs, to engage with industry, community, labor, and other stakeholders to promote the Program. Outreach will be conducted to ensure that original equipment manufacturers (OEMs), dealerships, and fleets in the Class 8 BEV market are aware of the program. Additionally, Community outreach and engagement will be conducted to receive feedback on Project prioritization considerations and related issues.

- Maximize outreach to reach potential incentive program participants through various channels including, but not limited to, in-person meetings/workshops, participating in industry and community events, social media, INVEST CLEAN website, email blasts, partnerships with governmental agencies, chambers of commerce and trade associations, and other methods
- Utilize subscription mailing lists by Standardized Industrial Classification to reach a broader pool of potential program applicants.
- Coordinate with the Community Benefits Steering Committee to educate stakeholders on incentive opportunities
- Engage with targeted communities and stakeholders, including Community Air Protection Program Steering Committees

The INVEST CLEAN website will be periodically updated to provide Program Announcements, Request for Proposals, public workshops, meetings and events, workforce development opportunities, and other information.

9. Application and Evaluation Process

Applicants are to submit applications through the South Coast AQMD's Grant Management System. More than one Project may be submitted under a single application. Below is a list of application requirements:

A. Applicant Requirements:

- The applicant will be required to provide information on the following:
 - Proof of Ownership
 - Proof of fleet compliance with California Air Resources Board Truck and Bus and regulations
 - South Coast AQMD will consider all applicable federal, state and local rules and regulations when determining eligibility for a Project.
 - Vehicles subject to an in-use regulation may be eligible to receive funding through INVEST CLEAN but are subject to the Project categories and waiver status.
- Vendor Quote for the replacement vehicles or electric motor(s)
 - Quote submitted with the application should be dated within 90 days of the date of application submittal
 - Quote must detail the Vehicle Make, Model, Year, GVWR and list the engine family and model year, as applicable.
 - Quote must list unit costs, taxes and any other fees.
- Old vehicle info:
 - Vehicle make
 - Vehicle model
 - GVWR
 - Vehicle Model Year
 - Engine Model Year
 - Historical vehicle usage records

Projects will be prioritized based on the age, odometer mileage, annual mileage, cost, and geographic distribution of the eligible baseline vehicles. There is a possibility that due to large program interest that applications with a large number of Projects may be offered partial funding of the application, with only a portion of the Projects funded based on the prioritization described previously. The funding will be allocated among the four counties in proportion to each county's medium- and heavy-duty truck population. Funds may be redistributed based on applications received after the first solicitation so that implementation targets areas of high truck traffic.

Applicants will be required to sign an agreement with the South Coast AQMD and commit to operating the replacement vehicles for at least 5 years.

10. Inspections

The South Coast AQMD will conduct on-site or remote inspections on the new vehicles approved for funding. Per 2 CFR 200.337, EPA and its authorized representative shall have access to the funded Projects. Additional inspections of baseline vehicles or destruction of baseline vehicles or engines may be conducted at the discretion of South Coast AQMD. Inspections of replacement vehicles or electric motors may be conducted virtually via remote inspections. Recipients must make all equipment available for in-person or remote inspections unless otherwise specified within the Agreement or requested by South Coast AQMD.

Pre-Inspection

Verification of the equipment specifications and operational condition of the existing equipment, which could include the following items:

- Clear photographs or recorded videos of the existing equipment and engine, including:
 - (1) Full equipment in frame
 - (2) Front, back, and both sides of the equipment
 - (3) Both sides of the engine
 - (4) Any specification plates/labels/identifiers or emission control labels attached to the equipment/engine including equipment serial number and engine serial number
 - (5) The equipment and engine in operation
- Visual verification of operational condition by the South Coast AQMD Inspector to confirm:
 - (1) Equipment is able to start up and move backward and forward
 - (2) Fuel tank is in usable condition
 - (3) No parts are stripped
 - (4) Equipment is not vandalized
- Gathering of documents, including:
 - (1) Equipment or engine specifications
 - (2) Usage or maintenance documents

- (3) Compliance documents demonstrating compliance with Federal/State/Local Laws, Rules and Regulations

Post-Inspection

Verification of the equipment specifications and operational condition of the replacement equipment, which could include the following items:

- Clear photographs or recorded videos of the replacement equipment and engine, including:
 - (1) Full equipment in frame
 - (2) Front, back, and both sides of the equipment
 - (3) Equipment certification/verification of battery-electric zero emission
 - (4) Any specification plates/labels/identifiers or emission control labels attached to the equipment/engine including equipment serial number
 - (5) The data logger/mileage providing usage information
 - (6) The equipment and engine in operation
- Visual verification of operational condition by the South Coast AQMD Inspector to confirm:
 - (1) Equipment is able to start up and move backward and forward
 - (2) Fuel tank is in usable condition
 - (3) No parts are stripped
 - (4) Equipment is not vandalized
- Gathering of documents including:
 - (1) Equipment or power train specifications
 - (2) Compliance documents demonstrating compliance with Federal/State/Local Laws, Rules and Regulations

All new/replacement equipment must receive a Post-Inspection, and the Post-Inspection must be completed before disbursement of funds.

Destruction Inspection

Verification of the equipment specifications and confirmation of destruction of the existing equipment, which could include the following items:

- Clear photographs or recorded videos of the existing equipment and engine, including:
 - (1) Full equipment in frame
 - (2) Front, back, and both sides of the equipment
 - (3) Both sides of the engine

- (4) Any specification plates/labels/identifiers or emission control labels attached to the equipment/engine including equipment serial number and engine serial number
 - (5) Cut structural components
 - (6) Destroyed engine block
 - (7) Any other cuts/holes or otherwise destroyed portions of the equipment or engine in accordance with the methods detailed in Section 7.
- Visual verification of destruction by the South Coast AQMD Inspector to confirm:
 - (1) Equipment is inoperable and irreparable
 - (2) Equipment has been destroyed in accordance with the methods detailed in Section 7.
- Gathering of documents including:
 - (1) Verification of destruction from an approved dismantler
 - (2) Equipment and engine specifications
 - (3) Usage or maintenance documents
 - (4) Completed REG 42 (Report of Vehicle to Be Dismantled) with DMV-stamped validation or other completed DMV forms used to validate vehicle dismantling and junking.

11. Monitoring and Compliance

Monitoring

Rebate recipients will be required to report performance metrics, such as mileage and other relevant data. The new unit must remain in service for the entire contract term. Where feasible, rebate recipient must install data loggers on the granted vehicle to enable real-time data submission or remote access. Rebate recipient may request to withhold business-sensitive data, provided this does not compromise the objectives of the data collection. Note that such requests will not abrogate or modify the provisions of Government Code Section 7920 et seq. (Public Records Act). The University of California, Irvine (UCI), the designated third-party data verification organization under INVEST CLEAN, will collect and analyze vehicle data to verify the Measure's performance, emission reductions, and associated job creation. Details on the data to be collected, data collection methodology, data collection frequency, and other reporting requirements will be specified in the UCI implementation plan for data collection. Specific data collection and reporting procedures from the UCI implementation plan will be included in the Rebate Agreement.

Compliance

When a rebate recipient is unable to meet the program requirements (e.g., documentation, operation, utilization, emission benefits, etc.) or terms specified in the Agreement, South Coast AQMD may consider the options to remedy the violation before seeking enforcement action. In addition, when a rebate recipient cannot meet the average usage requirements or terms specified in the Agreement, South Coast AQMD may seek remediation.

Options for non-performance include, but are not limited to, the following:

- Extending the Project Agreement to allow for the makeup of the usage requirement shortfall.
- The owner will make its best effort to repair the vehicle and assist with identifying a new operator.
 - SOUTH COAST AQMD and EPA will review and approve the justification for the deployment failure before any ownership transfer can be authorized.
- South Coast AQMD may withhold Project funds until compliance is met. Additionally, per their discretion, South Coast AQMD may require return of Project funds.

12. Workforce Training

This measure does not consist of a charger component hence the International Brotherhood of Electrical Workers (IBEW) pre-apprenticeship and apprenticeship programs are not involved. However, if any participating fleet receiving a rebate needs training on battery-electric technology, IBEW may coordinate the training efforts through a joint labor-management apprenticeship program, local university or a training institution.

13. Program Performance Evaluation and Contingency

SCAQMD will evaluate and closely monitor the program's progress to identify the need for improvements and adjust accordingly, including modifying the solicitation and reissuing the solicitations. SCAQMD will evaluate the program performance based on the following:

- Project implementation progress
- Measures participation
- Agreement execution
- Semi-annual reports from the participants, and reported malfunctions and challenges
- UCI analysis of the data collected from the fleet operation.

If the program performance did not meet the expectations, the contingency measures include but are not limited to, the following:

- Reopen the solicitations
- Obtain EPA's approval and reallocate funds to other measures and consider the cost-effectiveness
- Conduct additional outreach
- Enforce agreements and impose penalties
- Increase monitoring and Project tracking
- Meet with rebate recipients regularly to discuss plans to mitigate emission reduction shortfall

Attachment 1
Program Announcement



South Coast
Air Quality
Management District

INVEST CLEAN



Program Announcement

#PA2026-02

Measure 2.1 - Battery Electric Freight Vehicle Deployment Incentive Program

Accepting Applications: August 15, 2025, at 12 PM PT
Submission Deadline: November 28, 2025, at 12 PM PT

INTRODUCTION

In July 2024, US EPA awarded funds to the South Coast Air Quality Management District (South Coast AQMD) to implement INVEST CLEAN in Los Angeles-Long Beach-Anaheim and Riverside-San Bernardino-Ontario Metropolitan Statistical Areas (MSAs). The two MSAs include the following four counties: Los Angeles, Orange, Riverside, and San Bernardino. INVEST CLEAN targets the limiting factors and challenges to the electrification transformation of the Southern California goods movement corridor.

The purpose of this Program Announcement (PA) is to solicit project applications for INVEST CLEAN – Measure 2.1: Battery Electric Freight Vehicle Deployment Incentive Program. This Program will provide funding rebates for the transition of goods movement operations to advanced technologies and reduce emissions by replacing heavy-duty Class 8 diesel freight delivery vehicles with Class 8 trucks that are powered by battery-electric technology.

SECTION 1 – PROGRAM OVERVIEW

The total rebate funding for Measure 2.1: Battery Electric Freight Vehicle Deployment Incentive Program is approximately \$28,000,000 from the INVEST CLEAN funds awarded to the South Coast AQMD. All applications will be evaluated based on the requirements set forth in this PA, which align with the INVEST CLEAN workplan and the Terms and Conditions of the grant awarded to INVEST CLEAN.

- WHO:** Applicants may be public or private entities currently operating a Class 8 vehicle for goods movement. Eligible applicants are asset-owners/operators.
- WHAT:** Incentives under this PA are rebate-based and limited to the replacement of diesel-fueled Class 8 trucks with Class 8 trucks powered by battery-electric technology. Only Class 8 (GVWR 33,001 pounds or higher) goods movement trucks are eligible for this rebate. An equivalent baseline truck that will be scrapped must be diesel-fueled.
- HOW:** Applications must be submitted online through South Coast AQMD's Grant Management System (GMS), which can be found at:
<http://www.aqmd.gov/investclean>
- WHEN:** Applications can be submitted starting August 15, 2025, at 12 PM PT and the application period closes on November 28, 2025 at 12 PM PT or until program funds are exhausted.

Item	Date
Issue PA2026-02	August 1, 2025
Applications Open	August 15, 2025, at 12 PM PT
Deadline to Submit Application	November 28, 2025, at 12 PM PT or until funds are expended (whichever comes earlier)
Agreement Execution	January 2026 through August 2027
Performance and usage tracking	Commencing after Deployment

**ALL APPLICATIONS MUST BE RECEIVED VIA SOUTH COAST AQMD'S
ONLINE GRANT MANAGEMENT SYSTEM (GMS)**

1.1 - GENERAL PROGRAM INFORMATION

Incentive funding under this PA is rebate-based. Only diesel Class 8 goods movement trucks are eligible for a rebate under this Program. South Coast AQMD staff will evaluate all applications submitted online as they are received until the application deadline, or until all funds are exhausted, whichever date occurs first.

Eligible Participant

- The applicant must provide proof of compliance with applicable fleet/truck regulations during the application process.
- If awarded, the applicant must enter into a written Agreement with South Coast AQMD as a condition of receiving rebate funds. See SECTION IV – PROJECT AGREEMENT
- The applicant must agree to adhere to all applicable Terms and Conditions. See SECTION VI – LEGAL UPDATES AND DEFINITIONS

Eligible Existing Vehicle

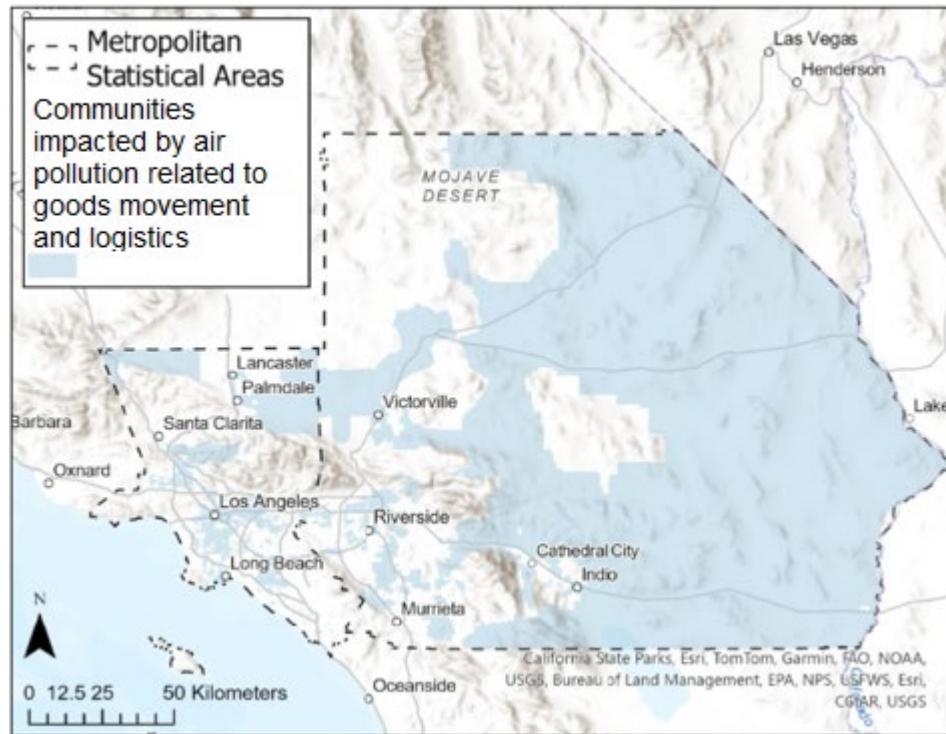
- The existing vehicle must be diesel-powered.
- The existing vehicle must be domiciled and have operated at least 75% within either one or both MSAs for the prior 12 months from application submittal. The MSA regions are shown in the dotted areas on the map below in Figure 1, which include the four counties: Los Angeles, Orange, Riverside, and San Bernardino.
- The existing vehicle must have operated a minimum of 7,000 miles during the 12 months prior to application.

Eligible Replacement Vehicle

- The replacement vehicle must be brand new and battery-electric powered.
- The replacement vehicle must not be powered by hydrogen or any fossil fuels.
- The replacement vehicle must not be a retrofit, repower, or conversion.

- The replacement vehicle must be deployed no later than February 2028.
- The replacement vehicle must operate at least 75% within one or both of the MSAs for a minimum of 5 years after vehicle deployment.

Figure 1: Area inside dotted line represents the two MSAs qualified territories



1.2 - ELIGIBLE FUNDING AMOUNT

Each eligible Class 8 truck project will receive a rebate amount up to \$400,000.

While Program grants can be combined with other non-federal grants and incentives, in no case may the total grant/rebate funds be greater than 100% of a project's total cost, as explained in Section 1.3 below.

1.3 - PROJECT COST

All project costs must be clearly indicated in the application. Applicants must provide an itemized dealership or manufacturer quote for the replacement vehicle. Sales tax, Federal Excise Tax (FET), and delivery fees are eligible costs under the INVEST CLEAN program. Please note that any combined incentive funds with this opportunity cannot exceed the cost of the replacement truck.

1.4 – PROGRAM WORKFLOW

The flowchart in Figure 2 depicts the evaluation process of a typical replacement project, while Table 1 below provides a detailed explanation of each step. Projects will begin with an online application, followed by a project evaluation conducted by South Coast AQMD staff. This will be followed by the execution of Agreements, project implementation, invoicing and reimbursement, and required reporting.

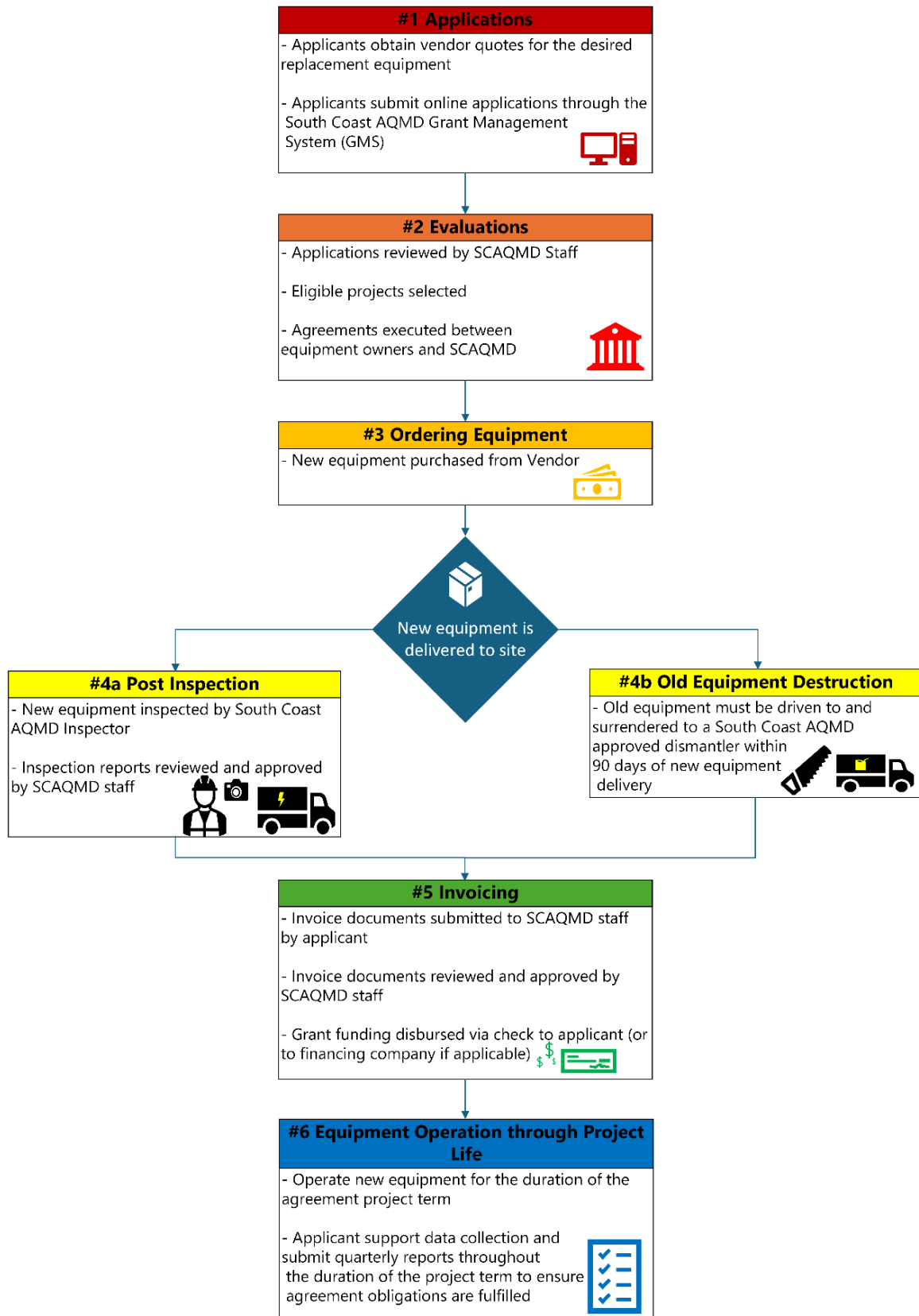



Figure 2: Lifecycle for Battery Electric Class 8 Vehicle Replacement Projects

Table 1-Step-by-Step Explanation

Chart Process #	Description of Process
1	Applicants submit INVEST CLEAN grant applications online through South Coast AQMD's Grant Management System (GMS). Applicants must provide all required information and documentation as prompted by the GMS.
2	Upon receipt of a submitted application, South Coast AQMD staff will review the application to screen for completeness and project eligibility. If additional information, documentation or corrections are required, South Coast AQMD staff will allow the applicant 14 calendar days to provide a response to the request. Eligible applications will be approved for funding as project reviews are completed and approved with priority determined by the application submittal date. If an applicant has been approved for funding, an agreement will be executed between the applicant and South Coast AQMD.
3	Once an Agreement has been fully executed, the applicant, now Awardee, may proceed to order and purchase the new/replacement vehicle from the vehicle dealer/vendor.
	New/replacement vehicle is delivered to the applicant. The Awardee must inform South Coast AQMD staff upon delivery of project vehicle.
4a	Inspection of the new vehicle is required. A South Coast AQMD Inspector will coordinate an inspection date and time with the Awardee directly. Inspections may be performed either on-site or via video or photograph(s) at the inspector's discretion.
4b	Upon delivery of the new/replacement vehicle, the awardee will have 90 days to surrender the old/baseline vehicle to the authorized dismantler.
5	Awardee will submit an itemized invoice to South Coast AQMD to request payment. South Coast AQMD will confirm that the Awardee has met all program and agreement requirements prior to rebate payment.
6	Awardee will allow a South Coast AQMD designated data collection organization to track data for the operation of the new vehicle (See pg. 10 Data Collection). Awardee will meet program requirements and submit semi-annual reports to the South Coast AQMD.

SECTION 2 – APPLICATION SUBMITTAL REQUIREMENTS

The electronic application in the GMS will prompt applicants to provide all required application information. **Attachment A** provides a listing of required application information. It is the responsibility of the Applicant to ensure that all information submitted to South Coast AQMD's GMS is accurate and complete.

All online applications must be submitted in accordance with the specifications set forth herein. Failure to adhere to these specifications may be cause for rejection of the application without evaluation.

Grounds for Rejection:

An application may be immediately rejected if the application:

- Does not submit all the required information and documentation via GMS.
- It is not signed by an individual authorized to represent the firm.

Certifications and Representations:

South Coast AQMD “Business Information Forms” requiring signatures will be available on the GMS and are required to be submitted with the Application.

Methods of Delivery:

The applicant must submit the application using the South Coast AQMD’s GMS. Multiple projects may be entered into a single application. Applicants are required to perform the first and final steps of initiating and submitting applications; however, the application may be filled in by a third-party consultant.

Disposition of Applications:

The South Coast AQMD reserves the right to reject any or all applications. All responses become the property of the South Coast AQMD. The electronic copy of the application shall be retained for South Coast AQMD files. Please review the Access to Records and Retention disclaimer in SECTION 6 – LEGAL UPDATES AND DEFINITIONS.

Modification or Withdrawal:

Ensure that the information input and documentation uploaded are accurate and complete. Once submitted, applications cannot be altered. Applicants may submit more than one application per solicitation. Applications can be withdrawn through the GMS system.

SECTION 3 – APPLICATION EVALUATION

South Coast AQMD staff will evaluate and qualify submitted applications as they are received to approve the project(s) to be funded. South Coast AQMD staff may request additional information, documentation or updates based on their application review. Applicants will be allowed 14 calendar days to provide a response to the request.

Funds may be distributed based on applications received to target areas most heavily impacted by goods movement and ensure geographic distribution. To the extent feasible, South Coast AQMD will ensure that funding is balanced across the two Metropolitan Statistical Areas (MSAs): Los Angeles-Orange County MSA and Inland Empire MSA. Some funds may be reserved initially to ensure the funds are available to both MSAs.

There is a possibility that due to large program interest that applicants may be offered partial funding and not all eligible applications may be funded.

SECTION 4 –AGREEMENT

All applicants that are selected for funding awards must enter a written Agreement with the South Coast AQMD and will be considered rebate recipients, or Awardees.

Note: The South Coast AQMD has no obligation to fund a project until an Agreement is fully executed by both parties.

The scope of work will include tasks and deliverables that demonstrate compliance with the requirements of the EPA-funded INVEST CLEAN Program administered by South Coast AQMD.

Agreements will include, but not be limited to, the following requirements:

- Be available for a follow-up inspection by South Coast AQMD, if requested.
- Existing vehicles must be scrapped.
- Provision of data to ensure monitoring and compliance through telematics or other travel logs as appropriate.
- Register the new/replacement vehicle in California with the Department of Motor Vehicles (DMV).
- Maintain insurance on the new/replacement vehicle as required by law.
- Ensure the operation of the new/replacement vehicle is within one of the MSAs and provide all necessary progress reports.
- The funded vehicle is required to maintain a minimum of 7,000 miles a year, and 75% of which must be within the two MSAs for the entire operating period.
- Ensure the new vehicle is operated and maintained with proper maintenance throughout the Agreement term.
- The replacement vehicle is to have at least a three-year manufacturer's warranty.
- Ensure that vehicle operation is restricted specifically to goods movement.

4.1 - INSPECTIONS

Inspections will be performed on the new vehicles approved for funding. Additional inspections of old vehicles/engines or destruction of old vehicles may be conducted at the discretion of South Coast AQMD. Inspections of vehicles/engines may be conducted virtually via remote inspections. Recipients must make all vehicles available for in-person or remote inspections unless otherwise specified within the Agreement, or through updates from South Coast AQMD.

4.2 - SCRAPPING REQUIREMENTS

The existing vehicle must be scrapped according to the following criteria:

- Existing vehicle must be driven, not towed, to a South Coast AQMD-approved dismantler. A dismantler receipt must be collected by the applicant and provided to South Coast AQMD before the rebate can be processed.
- Existing vehicle must be scrapped within ninety (90) days of the dismantler's receipt

- The scrapping method must include drilling a three-inch asymmetrical hole in the engine block and cutting the frame rail.
- Evidence of destruction will be provided to the Awardee by the approved dismantler and must include digital photos of VIN tag, front, side profile, and rear of the vehicle, engine tag, before and after photos of the destroyed engine block, and cut frame rails or other cut structural components as applicable. The Awardee must submit this documentation to South Coast AQMD per the Agreement terms.

On a case-by-case basis depending on the condition and emission rate of the vehicle, South Coast AQMD may allow vehicles to be used for other programs to reduce emission rates within the South Coast AQMD region.

4.3 - DATA COLLECTION

For the duration of the 5-year operating period, recipients shall allow installation of data loggers to enable real-time data submission or remote access to the South Coast AQMD Contractor, the designated third-party data verification organization under INVEST CLEAN. A designated data collection organization will collect and analyze operational data for this Program. Recipients may request to withhold business-sensitive data, provided this does not compromise the data collection objectives. Note that such requests will not abrogate or modify the provisions of Government Code Section 7920 et seq. (Public Records Act). Specific data collection and reporting procedures will be provided to recipient by the designated data collection organization.

4.4 - DELIVERABLES

The Agreement will describe how the project will be monitored and what type of information will be included in project progress reports for the duration of the 5-year operating period. At a minimum, the South Coast AQMD expects to receive the following:

- Semi-Annual reports consisting of:
 - Vehicle Miles Traveled (VMTs)/energy usage,
 - vehicle registration, vehicle insurance, and
 - other information as requested by the South Coast AQMD

South Coast AQMD reserves the right to verify the information provided. Please review the Access to Records and Retention disclaimer in SECTION 6 – LEGAL UPDATES AND DEFINITIONS.

4.5 - PERFORMANCE

When an Awardee is unable to meet the program requirements (e.g., semi-annual reporting, operation, emission benefits, etc.) or terms specified in the Agreement, South Coast AQMD may consider the options to remedy the violation before seeking enforcement action. In addition, when a recipient cannot meet the average usage requirements or terms specified in the Agreement, South Coast AQMD may consider that the average usage is less than the activity required in the Agreement and seek remediation.

Options for non-performance include, but are not limited to, the following:

- Extending the project Agreement to allow for the makeup of the usage requirement shortfall
- The owner will make its best effort to repair the vehicle and assist with identifying a new operator.
- SOUTH COAST AQMD and EPA will review and approve the justification for the deployment failure before any ownership transfer can be authorized.

SECTION 5 – PAYMENT TERMS

To receive a rebate payment, the Awardee must submit:

- Proof of vehicle purchase, including signed sale agreements and proof of payments.
- Proof of replacement vehicle registration, vehicle insurance, and warranty information
- Proof of fleet compliance with applicable fleet/truck regulations
- Proof that the existing vehicle was surrendered to an authorized dismantler

Payment will be made upon review and approval of the documentation listed above, verification via inspection of new vehicle deployment, and verification via inspection of old/existing vehicle destruction/proof of destruction.

All payment requests must be submitted by February 2028.

SECTION 6 – LEGAL UPDATES AND DEFINITIONS

6.1 - CONFIDENTIALITY

Please ensure that any trade secret, confidential or proprietary information being provided is marked accordingly. Please see the following website for more details:

<https://www.aqmd.gov/docs/default-source/default-document-library/Guidelines/praguidelines.pdf>

6.2 - ACCESS TO RECORDS AND RETENTION

Materials, reports, photos, and other documentation submitted pursuant to the project may be released in part or in whole pursuant to either the Freedom of Information Act or the California Public Records Act. The US EPA or South Coast AQMD may make publicly available on their websites, copies or portions of project information.

EPA and South Coast AQMD, or their authorized representatives, also reserve the right to access records of the applicant/recipient pertinent to this award, to perform audits, execute site visits, or for any other official use. This right of access also includes timely and reasonable access to the applicant/recipient's personnel for the purpose of interviewing and having discussions related to such documents or the Federal award in general. This right of access shall continue as long as the records are retained.

In accordance with 2 CFR 200.334, the recipient must retain all Federal award records, including but not limited to, financial records, supporting documents, and statistical records for at least three years from the date of submission of the final financial report. The records must be retained until all litigation, claims, or audit findings have been resolved and final action has been taken if

any litigation, claim, or audit is started before the expiration of the three-year period. Examples of the required records include: (1) time and attendance records and supporting documentation; and (2) documentation of compliance with statutes and regulations that apply to the project. In accordance with 2 CFR 200.337, the EPA, the Inspector General, the Comptroller General, and the pass-through entity, or any of their authorized representatives, have the right of access to any documents, papers or records of the recipient which are pertinent to the grant award. The rights of access are not limited to the required retention period, but last as long as the records are retained.

6.3 - USE OF LOGOS

Use of the EPA's logo, along with logos of other participating entities, on outreach materials, websites, or reports, must adhere to the requirements of both the General Terms and Conditions, Paragraph Q, and California Health and Safety Code Section 40730.

6.4 - 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 for the Program.

6.5 - COMPLIANCE WITH APPLICABLE LAWS

Applicants must comply with all federal, state, and local laws, ordinances, codes and regulations. If the application is selected for a funding award/rebate, all vehicles/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.

6.6 - CONFLICT OF INTEREST

Applicants must address any potential conflicts of interest with other clients affected by actions performed by the firm on behalf of South Coast AQMD. Although the Applicant will not be automatically disqualified by reason of work performed for such firms, the South Coast AQMD reserves the right to consider the nature and extent of such work in evaluating the application. 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 program.

6.7 - COMPLIANCE WITH LABOR LAWS

If an application is deemed eligible, the Applicant will be required to disclose 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. 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 to have violated labor laws or, if such violations have been found, the recipient will give South Coast AQMD details about those violations in the certification. If the recipient has previously provided that information to the South Coast AQMD, they will be required to reattach that previous notification to the certification and provide any

additional details about those violations that have not previously been provided. The recipient's certification will be due at the same time as the semi-annual progress reports. South Coast AQMD reserves the right to terminate the Agreement with a recipient that has been found to have violated labor laws, and the recipient may be required to return any and all funds, as determined by South Coast AQMD. The recipient will also ensure that these requirements are included in all downstream partnerships.

6.8 - 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 receive executed Agreements from 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.

DEFINITIONS

1. Agreement Term

Agreement term is the duration for which the Agreement is valid. It encompasses both the project completion and project implementation periods:

- i. Project completion period is the first part of the Agreement term starting from the date of Agreement execution by both parties to the date the project post-inspection confirms that the project has become operational.
- ii. Project implementation period is the second part of the Agreement term and equals the operating period.

2. South Coast AQMD Jurisdiction

The South Coast AQMD is the air pollution control agency for all of Orange County and the urban portions of Los Angeles, Riverside and San Bernardino counties. Within Riverside County, the South Coast AQMD also has jurisdiction over the Salton Sea Air Basin and a portion of the Mojave Desert Air Basin. This area of 10,743 square miles is home to approximately 17 million people—about half the population of the state of California. It is the second most populated urban area in the United States and one of the smoggiest. Visit <http://www.aqmd.gov/nav/about/jurisdiction> for more information.

3. Goods Movement

“Goods” are defined as having the same meaning in Commercial Code section 2105, which essentially requires that: The goods must be movable; and the goods being moved must be part of a transaction that involves a contract for the sale of the goods.

WORKSHOP AND ADDITIONAL INFORMATION/ASSISTANCE:

This program announcement and additional information and resources pertaining to the INVEST CLEAN Program can be obtained from the INVEST CLEAN website at:

<https://www.aqmd.gov/investclean>

Additionally, information on virtual pre-recorded presentations and other meetings (as needed) are to be posted on the INVEST CLEAN website.

South Coast AQMD staff members are available to answer questions during the application period. To expedite assistance, please direct your inquiries to investclean-onroad@aqmd.gov.

ATTACHMENT A – PROJECT INFORMATION FORM

Please be prepared to provide the following information as prompted by the INVEST CLEAN GMS.

APPLICANT INFORMATION

Applicant Name
Business Address
City, State and Zip
Phone
Contact Name
Title
E-mail Address

FLEET INFORMATION

What is your current fleet size?
Is your company registered in TRUCRS
Provide TRUCRS ID (enter NA if not applicable)

PROJECT DESCRIPTION

<p>Existing Vehicle Information:</p> <ul style="list-style-type: none"> • VIN • Vehicle Make • Vehicle Model • Vehicle Model year • GVWR • License plate • CHP CA Number • Primary Yard address • Regulatory Compliance Documents (for all applicable regulation) • Vocation of the Vehicle
<p>Existing Engine Information:</p> <ul style="list-style-type: none"> • Engine Fuel Type • Engine Make • Engine Model • Engine Model Year • Engine Serial Number • Engine Family Number • ARB Certification Engine Executive Order Number

Operational Information <ul style="list-style-type: none"> • Total annual mileage and % Operation within the two (2) MSAs for existing vehicle • Projected Future % Operation within the two (2) MSAs • Projected Future Annual Mileage • Current Odometer Reading
Replacement Vehicle/Engine Information <ul style="list-style-type: none"> • Replacement Vehicle Make • Replacement Vehicle Model • Replacement Vehicle Model Year • Replacement Vehicle GVWR • Primary Yard Address • Replacement Engine Make • Replacement Engine Model • Replacement Engine Model Year • ARB Certification Engine Executive Order Number • Odometer Reading of Replacement Vehicle

PROJECT COST BREAKDOWN

Amount requested from South Coast AQMD
Replacement vehicle Cost (Including Tax)
Vendor Information: <ul style="list-style-type: none"> • Vendor Name • Vendor Contact Name • Vendor Phone Number • Vendor Address

APPLICATION FUNDING SUMMARY

Total Amount requested from SOUTH COAST AQMD for all projects in this Category (Class 8 On-Road Vehicles)
Total Amount to be paid by Applicant for all projects in this Category (Class 8 On-Road Vehicles)
Application # for any other applications in this solicitation from other Program Categories (i.e. CHE, infrastructure)
Funding From other Sources: <ul style="list-style-type: none"> • Name of Funding Entity • Funding Amount
Total Cost of all vehicle rebate requests in this Category (Class 8 On-Road Vehicles)

REQUIRED ATTACHMENTS:

<ul style="list-style-type: none"> • Compliance documentation for entire fleet for all applicable regulations • Vehicle Title for vehicle to be scrapped
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- Photo of VIN label
- Photo of GVWR label
- Photo of Engine Emission Control Label
- Photo of Engine Info/Serial Number Tag
- ARB Certification Engine Executive Order for Existing Engine
- Photo of Current Odometer Reading
- Insurance for the past 12 months
- Registration for the past 12 months
- Odometer/Operational/GPS Records for past 12 months
- New Vehicle Quote
- ARB Certification Engine Executive Order for Replacement Engine
- Business Information Request (BIR)
- Campaign Contribution Disclosure
- W-9 Request for Taxpayer Identification Number and Certification
- Direct Deposit Form
- 590 Withholding Exemption Certificate
- Certificate Regarding Debarment, Suspension, and Other Responsibility Matters
- Labor Law Compliance form