

# Raising the CORE Voucher Cap and Keeping the Manufacture Purchase Option

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## CORE Mission

The goal of CORE is to help purchasers overcome the incremental cost barrier of cleaner off-road equipment, the methodologies developed for determining voucher amounts also consider other factors, such as current market penetration and the projected need for incentives. Additionally, increased funding is being made available to encourage equipment deployments in disadvantaged and low-income communities as well as infrastructure expansion.

CORE targets commercial-ready products that have not yet achieved a significant market foothold.

## Help is Needed

Zero Emissions switcher locomotives have been commercial-ready for several years and none are in regular service in California. The CORE program could be instrumental in accelerating their adoption, but two updates are required to make that happen.

- Raise the Voucher Cap above \$500,000
- Maintain the 'Manufacturer Purchase' option

## Voucher Cap

Staff proposed a voucher cap of \$500,000 per piece of equipment in the [FY17/18 Proposed Funding Plan](#) (pdf pg 86/174) that was presented to and approved by the CARB Board in October 2018.

Below is the language proposing that amount.

This cost is determined on an equipment-specific basis based upon a manufacturer's voucher eligibility application submittal, voucher redemption data, PART I PROPOSED INVESTMENTS I-74 discussions with fleets and other stakeholders, and other relevant data and information. Also, staff proposes to cap the voucher amount per eligible piece of equipment at \$500,000. Staff envisions that as the program evolves, more types of equipment will become eligible for the Off-Road Freight Voucher Project.

At the time the \$500k voucher cap was approved, total funding for the CORE program was \$40 million, for FY 21/22 the program will have \$195 million. Also the most expensive piece of equipment in the catalog was a zero emissions railcar mover at \$1.2 million dollars, now Zero Emissions switcher locomotives are included and they are expected to cost up to \$5 million.

A raised cap of \$1.5 million would still be less than 1/3 the proposed cost of higher capacity zero emissions switcher locomotives. RPS and Tractive Power request that ARB leadership and staff raise the voucher amount for switcher locomotives to one proportional to the performance of the equipment that CARB would like to see implemented.

## **Manufacturer Purchase Option**

The manufacturer purchase option was included in the [FY 17/18 CORE implementation manual](#) (pdf pg 44/62) and is extracted below

### **L. MANUFACTURER PURCHASES**

Based on available funding and program activity, a manufacturer may, upon CARB case-by-case approval, use a CORE voucher to purchase an eligible equipment piece or conversion kit it manufactured itself to deploy as a demonstration unit. As an illustrative example, if approved by CARB, a hypothetical company, Company A, would be allowed to purchase an equipment piece or conversion kit manufactured by the same Company A using a CORE voucher. No manufacturer will be granted more than one such approval per 12-month period. In addition, all applicable CORE terms and conditions (for the manufacturer, dealer, and purchaser), such as the minimum usage condition, shall apply to the manufacturer for the duration of the project participation period.

As this is the first year for switcher locomotives in CORE, both RPS and Tractive Power urge CARB to keep the Manufacturer Purchase option for at least the first year of equipment eligibility unless there is a compelling reason to discontinue it.

Both Tractive Power and RPS need this option for the first voucher, and it has the beneficial effect of letting the locomotive to be moved to different rail yards as a marketing tool to further expand awareness of this capability in the industry.