

APPENDIX B

DRAFT IMPLEMENTATION MANUAL FOR THE FY 2011-12 HYBRID TRUCK AND BUS VOUCHER INCENTIVE PROJECT

February 2012



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EXECUTIVE SUMMARY

The purpose of the Hybrid Truck and Bus Voucher Incentive Project (HVIP) is to accelerate the California deployment of hybrid and zero-emission medium- and heavy-duty vehicles. This provides a public benefit by helping commercialize these technologies and support a critical ramp-up in production that is necessary to meeting California's clean air goals. The HVIP provides vouchers of up to \$40,000 on a first-come, first served basis for the purchase of an eligible new truck or bus. The HVIP will be administered and implemented through a partnership between ARB and a third-party Grantee, selected via a competitive ARB grant solicitation. Ninety-one and one-half percent of HVIP funds are for the purchase of new eligible vehicles. The Grantee may use no more than eight and one-half percent of HVIP funds for outreach and to administer the program. Truck and bus manufacturers, dealers, and purchasers also play a key role in ensuring the success of the HVIP.

The HVIP Implementation Manual, in conjunction with the Air Quality Improvement Program (AQIP) Guidelines and AQIP Funding Plan for Fiscal Year 2011-12, identifies the minimum requirements for administration, implementation, and oversight of the HVIP. Refinements may continue to be made to this manual as needed through the HVIP Grantee selection period (See Table 1 on Page 3 for the HVIP development timeline). The Grantee may also recommend periodic updates to the Implementation Manual as needed to clarify project requirements and improve project effectiveness. The HVIP Implementation Manual, including any updates, will be posted on the Grantee's HVIP webpage

Vehicle dealers, manufacturers, fleets, and purchasers participating in the HVIP must adhere to requirements of the version of the HVIP implementation Manual in place at the time of their voucher request. For example, voucher requests, voucher redemption protocols, and all other program elements associated with those vouchers follow the version of the HVIP Implementation Manual at the time the voucher is requested. ARB and Grantee requirements and responsibilities follow the version of the HVIP Implementation Manual at the time the project Grant Agreement is executed (or the version in the Grant Agreement, if applicable) unless a change is agreed to in writing by both parties.

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1 INTRODUCTION

The *California Alternative and Renewable Fuel, Vehicle Technology, Clean Air, and Carbon Reduction Act of 2007* (AB 118, Statutes of 2007, Chapter 750), created the Air Resources Board's (ARB) Air Quality Improvement Program (AQIP), a voluntary incentive program to fund clean vehicle and equipment projects, air quality research, and workforce training. ARB's Fiscal Year (FY) 2011-12 AQIP funding, based on projected revenues for AQIP projects in the State Budget, is \$40 million.

In April 2009, ARB adopted AQIP Guidelines that establish minimum program administrative and implementation requirements, providing the overarching rules for how ARB will run this incentive program. The AQIP Guidelines include the procedures for issuing project solicitations and selecting projects.

In July 2011, ARB also approved the AQIP Funding Plan for FY 2011-12 (Funding Plan), which provides continued funding for three key FY 2010-11 AQIP project categories. The Funding Plan identifies the HVIP as one of these key AQIP project categories, with up to \$16 million in additional funding for hybrid and zero-emission truck and bus vouchers. The AQIP Guidelines and FY 2009-10, FY 2010-11, and FY 2011-12 Funding Plans are available at: www.arb.ca.gov/msprog/aqip/aqip.htm.

This document constitutes the ARB's Draft Implementation Manual for the FY 2011-12 HVIP (Implementation Manual). The HVIP provides vouchers of up to \$40,000 to qualified California-based fleets for the purchase of an eligible vehicle. The HVIP will be administered and implemented through a partnership between ARB and a Grantee selected via a competitive ARB grant solicitation. Truck and bus manufacturers, dealers, and purchasers also play a key role in ensuring the success of the HVIP.

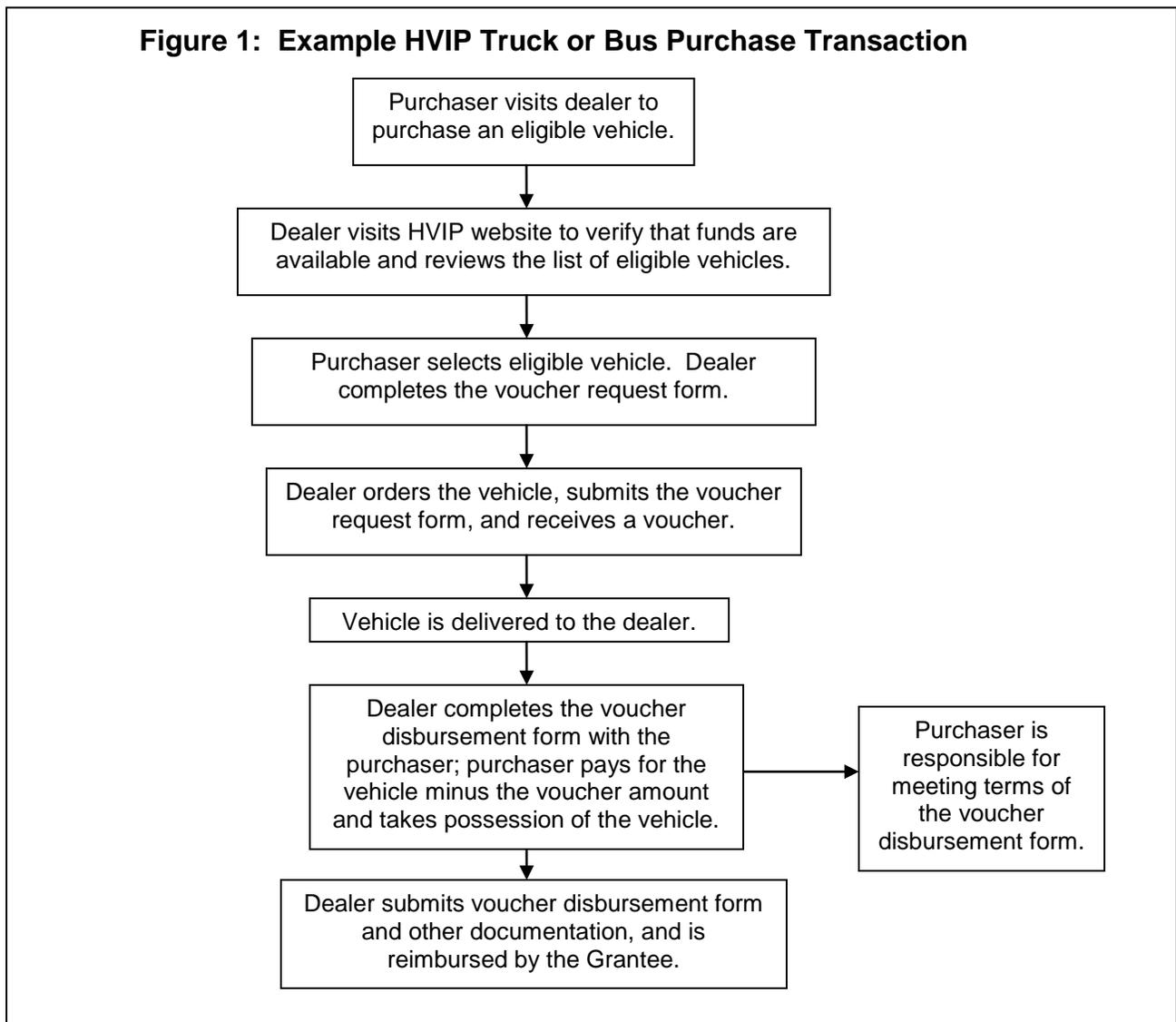
The Implementation Manual, the AQIP Guidelines, the AQIP Funding Plan, and the grant agreement between ARB and the Grantee identify the minimum requirements for administration, implementation, and oversight of the HVIP. Definitions of key program parameters are in Section 5 of this manual.

2 PROJECT IMPLEMENTATION

2.1 Project Framework

Figure 1 illustrates a hypothetical vehicle dealer sale and voucher reimbursement transaction. The HVIP provides a voucher for the incentive amount to a registered dealer, redeemable at the time of the vehicle purchase.

The HVIP website includes a list of eligible hybrid and zero-emission trucks and buses, as well as the eligible voucher amount for each vehicle. The webpage includes a voucher request form for the dealer to complete with the purchaser and submit at the time a specific vehicle is ordered. A similar structure also applies to vehicles which are ordered directly from a truck manufacturer or a truck equipment manufacturer (TEM).



Key timelines for HVIP development and implementation are identified in Table 1 (below).

Table 1: HVIP Development and Implementation Timeline

Action Item	Date or Time Period
Solicitation for HVIP Grantee.	November 2011
HVIP Grantee selected.	January 2012
HVIP Grantee develops project webpage, conducts outreach and dealer training. Implementation Manual and voucher forms finalized.	February 2012
Funding available to redeem vouchers.	Early 2012 – December 2013 (or until depleted)
Status Report to ARB Project Liaison.	Early 2012 – Project Completion

The timeline may be changed at ARB's sole discretion.

2.2 Eligible Vehicles

Hybrid Vehicles

Hybrid vehicles with a 2009 or older model year diesel engine are not eligible for the FY 2011-12 HVIP. The hybrid vehicle make/models identified in Appendix A which were eligible for the FY 2010-11 HVIP (and use a gasoline or 2010+ MY diesel engine) are automatically eligible for the 2011-12 HVIP. Any additional hybrid vehicle make/models must fall into one of the following categories to apply to ARB for HVIP eligibility.

- Hybrid vehicles must meet all applicable California and federal requirements for on-board diagnostics (OBD) systems to ensure integrity of the vehicles' emissions controls.
- A plug-in hybrid vehicle between 8,500 and 10,000 lbs GVWR which is ARB-certified to be sold in California; or
- A hybrid vehicle over 10,000 lbs GVWR which is ARB-certified to be sold in California; or
- A hybrid vehicle over 14,000 lbs GVWR that is identified by the Internal Revenue Service (IRS) as eligible for a federal tax credit pursuant to the Energy Policy Act of 2005 (or its most current iteration). (For the purposes of the IRS list, a vehicle may be considered a carry-over with respect to a vehicle produced in an earlier model year if the vehicles are of the same make and model and the design of the vehicle, engine, and hybrid system have not substantially changed since such earlier model year); or

- A hybrid vehicle over 14,000 lbs GVWR not listed by the IRS list as eligible for a federal tax credit pursuant to the Energy Policy Act of 2005 (or its most current iteration). The hybrid vehicle's City Fuel Economy, determined in accordance with the requirements of Internal Revenue Bulletin 2007-23 (www.irs.gov/irb/2007-23_IRB/ar08.html), is at least thirty percent greater than that of the equivalent non-hybrid make/model vehicle for vehicles between 14,001 and 38,000 lbs GVW, and is at least twenty percent greater than that of the equivalent non-hybrid make/model vehicle for vehicles above 38,000 lbs GVW.

Bucket Trucks with Zero-Emission Power Take-Off (PTO)

Bucket trucks - vehicles with aerial lift devices for lifting workers up to 90 feet off the ground – are commonly used by utility fleets, signage operations, arbor detailing crews, and others. Unfortunately, these vehicles typically idle their main diesel engine or auxiliary engines to power operation of the bucket. Bucket trucks with zero-emission PTO (typically a plug-in battery powered device) can eliminate worksite criteria pollutant and greenhouse gas emissions during typical operations. ARB is working with interested stakeholders to determine whether bucket trucks with zero-emission PTO should become an eligible HVIP vehicle category.

Zero-Emission Commercial Vehicles

A zero-emission commercial vehicle make/model which was eligible for the FY 2010-11 Clean Vehicle Rebate Project is automatically eligible for the 2011-12 HVIP. Any additional vehicle make/models must fall into one of the following categories to apply to ARB for HVIP eligibility:

- A zero-emission commercial vehicle between 8,500 and 14,000 lbs GVWR which is ARB-certified to be sold in California.
 - An ARB-certified zero-emission commercial vehicle between 5,001 and 8,500 lbs may apply for HVIP eligibility; however, vouchers for these vehicles are provided on a case-by-case basis only if a vehicle purchaser can demonstrate the vehicle is for commercial (not personal) use only.
- A zero-emission commercial vehicle over 14,000 lbs GVWR which is ARB-approved.

Vehicles must also meet applicable eligibility requirements described in this Implementation Manual. The HVIP-eligibility applications may be found in Appendix B-1 and B-2. ARB is responsible for developing and updating the list of vehicles eligible for an HVIP voucher. Application submittal instructions and an updated list of eligible vehicles are found at http://www.arb.ca.gov/msprog/aqip/hvip_vehicle_eligibility.htm.

2.3 Vehicle Eligibility Criteria

The following requirements apply to both hybrid and zero-emission vehicles:

- The vehicle must be a commercial, non-profit agency, or public fleet vehicle. Personal passenger vehicles are not eligible for HVIP funding.

- The chassis must be titled and licensed in California (if applicable), and the vehicle must be California-registered.
- The vehicle must be purchased from a participating dealer (see Section 3.3).
- The vehicle and vehicle chassis must be new and not yet have been registered in any state or paid for by the purchaser (other than a vehicle down payment) in order to receive a voucher. Used vehicles (including vehicles used by dealers, manufacturers, or other entities or for demonstration purposes) are not eligible for the HVIP.
- The vehicle must have at least one California-based service provider affiliated with the vehicle manufacturer and capable of vehicle service and repair.
- No retrofits or other hardware or software modifications which significantly impact the vehicle's emissions characteristics are permitted for three years from the date the vehicle enters into service.

The following vehicle eligibility requirements apply to hybrid vehicles only:

- The vehicle must use an ARB-certified engine. The engine must be appropriately matched for the intended service class of the hybrid vehicle in which it is used. Diesel engines must meet the following criteria if used in vehicles not yet certified by ARB:
 - A light heavy-duty diesel engine may be used in a vehicle up to 23,000 GVWR.
 - A medium heavy-duty diesel engine may be used in a vehicle up to 38,000 GVWR.
 - A heavy heavy-duty diesel engine may be used in a vehicle up to 80,000 GVWR.

Diesel engines may be used in vehicles above these weight limits only with the prior written consent of the ARB Project Liaison.
- A vehicle must draw propulsion energy from onboard sources of stored energy that are both an internal combustion or heat engine using consumable fuel, and a rechargeable energy storage system. This definition does not exclude plug-in hybrid vehicles.
- A hybrid vehicle diesel engine must be new and be a 2010 or newer model year.
- Modifications to engine performance (including changes in horsepower), emissions characteristics, engine emission components (not including repairs with like-original equipment manufacturers replacement parts), or any other modifications to the engine's emission's control function is not allowed (Violation, Vehicle Code 27156).
- Plug-in hybrid vehicles must meet a minimum ten mile all electric or equivalent all electric range (EAER), consistent with ARB zero-emission and hybrid electric vehicle test procedures.¹

¹ EAER must be calculated in accordance with Section F.5.4 of ARB's *California Exhaust Emission Standards and Test Procedures for 2009 and Subsequent Model Zero-Emission Vehicles and Hybrid Electric Vehicles, in the Passenger Car, Light-duty Truck, and Medium-duty Vehicle Classes*; Amended December 2, 2009 (found at: www.arb.ca.gov/msprog/levprog/cleandoc/clean_2009_my_hev_tps_12-09.pdf). Plug-in hybrid vehicles greater than 14,000 lbs may demonstrate EAER using an alternative methodology approved in advance by ARB.

The following requirements apply to zero-emission vehicles only:

- Zero-emission vehicles at or below 14,000 lbs GVWR must be certified as Type I, I.5, II or III zero-emission vehicles as defined in the California ZEV Regulation (Section 1962(d)(5)(A), Title 13, California Code of Regulations (CCR) for 2003-2008 model year vehicles and Section 1962.1(d)(5)(A), Title 13, CCR for 2009 and subsequent model years).
- Zero-emission vehicles greater than 14,000 lbs GVWR must be ARB-approved. The manufacturer must also certify that the vehicle model complies with all applicable federal safety standards for new motor vehicles and new motor vehicle equipment issued by the National Highway Traffic Safety Administration (NHTSA). The FMVSS are found in Title 49 of the Code of Federal Regulations (CFR) Part 571. If a written statement and documentation have been previously provided to ARB in the course of applying for ARB approval/certification of the vehicle model, no additional written statement is required.
- The vehicle must meet a minimum ten mile all EAER, consistent with ARB zero-emission and hybrid electric vehicle test procedures.
- The vehicle drive train, including applicable energy storage tanks or a battery pack, must be covered by a manufacturer warranty. Prior to approving a vehicle model for addition to the HVIP Eligible Vehicles List, ARB may request that the manufacturer provide copies of representative vehicle and battery warranties and a description of the manufacturer's plans to provide warranty and routine vehicle service. The warranty must provide protection for a minimum of 36 months or 50,000 miles, whichever comes first. The first 12 months of the coverage period shall be a full warranty covering at a minimum motor, drive train, battery, parts and labor. If the warranty for the remaining 24 months is prorated, the percentage of the battery pack's original value to be covered or refunded must be at least as high as the percentage of the prorated coverage period still remaining. For the purpose of this computation, the age of the battery pack must be expressed in intervals no larger than three months.

The following requirements apply to bucket trucks with zero-emission PTO only:

ARB is working with interested stakeholders to determine whether bucket trucks with zero-emission PTO should become an eligible HVIP vehicle category and, if so, minimum eligibility criteria for this category. Eligibility criteria will be discussed and vetted publicly at one or more HVIP Work Group meetings prior to being published in the FY 2011-12 HVIP Implementation Manual.

2.4 Requesting a Voucher

An HVIP voucher shall only be provided for a specific vehicle on order or purchased by a specific customer. The dealer must work with the vehicle purchaser to complete the HVIP voucher request form – available on the Grantee’s HVIP webpage – for the hybrid or zero-emission vehicle. Only vehicles listed as eligible on the HVIP webpage may receive a voucher. The maximum voucher amount for each eligible vehicle will be provided on the HVIP webpage.

The Grantee shall, in coordination with ARB, develop/maintain a system for dealers to quickly, effectively, and transparently request and redeem vouchers. The Grantee’s HVIP webpage shall include all the information necessary for the dealer, in conjunction with the vehicle purchaser, to complete and submit the voucher request. Only completed and accurate voucher request forms will be accepted. The Grantee will review the voucher request form for eligibility and provide vouchers on a first-come, first served basis until HVIP funds are depleted. Fleets that fail to submit annual vehicle usage surveys as required for ten or more vehicles from any HVIP funding year are ineligible for additional HVIP vouchers while this information remains outstanding. Fleets that systematically fail to submit accurate and timely annual usage surveys may be prohibited from future HVIP participation. See Section 3.4 for additional information regarding vehicle purchaser responsibilities.

Voucher requests can be made electronically by participating dealerships at www.californiahvip.org. Voucher funds are reserved at the time of the electronic voucher request. **Submittal of a voucher request not associated with a real and completed vehicle order is prohibited.** A completed voucher request form will be printed and signed by both the dealer and the vehicle purchaser. The dealer will then submit the voucher request form, along with a vehicle purchase order and copy of the purchaser’s driver’s license or other official identification with signature within two weeks of the electronic voucher request. The purchase order provided by the dealer must represent a real vehicle order. Dealers and participating fleets which provide false or misleading information may be barred from future participation in the HVIP or face other penalties. A FY 2011-12 HVIP voucher request will be considered ineligible if the vehicle order with which it is associated was previously associated with a FY 2009-10 or FY 2010-11 HVIP voucher (i.e. a dealer may not cancel a FY 2009-10 or FY 2010-11 HVIP voucher in order to receive a FY 2011-12 voucher).

Failure to provide this information within two weeks will nullify the electronic voucher request. It is The Grantee’s responsibility to notify the dealer that the voucher request has been rejected in writing within five business days of receipt of signed forms or vehicle documentation that disqualifies the vehicle and/or voucher request. Any rejections will include the reason for a rejected voucher request. Voucher requests will be accepted into the queue in the order in which they are received from the online request system. The Grantee will maintain a contingency list of vouchers requested once the initial voucher project funding has been subscribed. The contingency list will be used if vouchers are rejected (and funding unobligated) or if additional project funding becomes available.

The dealer must also provide the vehicle identification number (VIN) or a serial number that uniquely identifies the vehicle and the expected delivery date within thirty calendar days of the electronic voucher request. This information confirms that the dealer has made an order with the manufacturer. The order should be placed prior to, or in conjunction with, making a voucher request. The Grantee has the right to reject the voucher at this point if the VIN or serial number does not match the vehicle identified on the voucher request. Once all voucher request forms and information are received by The Grantee, a voucher will be issued within five business days. A voucher will only be redeemed if the vehicle purchaser and delivered vehicle make/model and other defining information match that on the voucher request form.

Renewal of Voucher

An HVIP voucher will be valid for three months from the time it is issued by the Grantee. A voucher may be renewed by the participating dealership at any point within those three months through the modification of the electronic voucher record online. Renewal of the voucher automatically reserves the eligible vehicle's and purchaser's voucher funding for an additional three months. A voucher which is not renewed within any three month period will be deemed expired and the voucher funds will be allocated to the next eligible HVIP participant. A voucher must be redeemed within one year (365 days) of the electronic voucher request. Request for voucher extensions beyond one year will be reviewed by the Grantee in consultation with ARB on a case-by-case basis. A decision regarding extension of the voucher reservation beyond one year shall be made by the Grantee in consultation with ARB, and shall be based upon factors such as the projected vehicle delivery date, demand from other participants for remaining available HVIP funding, and the good faith efforts of the purchaser, dealer and manufacturer to complete the purchase and place the vehicle into service. The Grantee must maintain written documentation regarding approval of voucher reservations beyond the one year period. Vouchers must be redeemed by participating dealers no later than December 31, 2013. Vouchers not redeemed by this date will be null and void.

2.5 Voucher Redemption

Once a vehicle has been delivered, purchased, and is ready to be placed into service the dealer must submit the voucher and required documentation to the Grantee for redemption. A voucher will only be honored if the vehicle and purchaser listed on the voucher match that in the completed purchase transaction. HVIP voucher redemption requests must also meet the following criteria:

- An HVIP voucher can only be redeemed upon vehicle delivery, final payment to the dealer by the purchaser (less the voucher amount), and registration of the vehicle in California.
- A copy of the delivery Bill of Lading, final vehicle invoice, temporary DMV registration or DMV tags for the purchased vehicle must be provided to confirm delivery and purchase specifications, and a copy of vehicle Line Setting Ticket (otherwise known as the Factory Build Sheet) must be provided to confirm

vehicle GVWR. All documents must contain the vehicle identification number. The Bill of Lading and final vehicle invoice must be signed and dated.

- The final vehicle invoice must show that the voucher amount has been fully discounted from the vehicle purchase price.
- The vehicle GVWR as designated on the manufacturer Line Setting Ticket must be consistent with the vehicle's base vehicle incentive identified in Table 2 in Section 2.6.
- Financial documentation identifying the method and date of final payment to the dealer must be provided. This can be a copied check or transaction showing an electronic money transfer. If lease or financial arrangements involve a third party, they must also be identified with the title or lien-holder clearly indicated.
- Digital inspection photos of the vehicle showing that it is ready to be placed into service.
- HVIP Vehicle Inspection signed by authorized dealer, a third-party designated by the requesting dealer or HVIP Grantee representative – original of this document must be sent in the mail.
- A signed copy of the voucher redemption form must be provided. Dealer and purchaser signatures are required. Original of this document must be sent in the mail.
- All documents that are submitted to the Grantee or its subcontractor for processing voucher redemption must clearly indicate the voucher number.
- The dealer must submit all voucher redemption documentation within 60 days after vehicle delivery to fleet location. Start of Service date is once the vehicle is DMV registered, delivered to the fleet location, and payment to the dealer is complete. Failure to provide all the documentation by this deadline will nullify the voucher.

It is the goal of the HVIP to provide payment to the dealership within seven calendar days from the time the eligible voucher redemption form and all associated documentation is received by the Grantee. If the voucher payment is delayed for more than 14 calendar days from the time the eligible voucher redemption form and associated documentation is received, the Grantee must notify the dealership by phone or e-mail at the earliest possible time of such delay.

Only completed and accurate voucher redemption forms will be accepted. A voucher shall only be redeemed if the vehicle and purchaser match that on the original voucher request form. ARB, the Grantee, and the HVIP are not responsible for payment of a voucher if the vehicle or purchaser do not match those described on the voucher request form. If the dealer has a new purchaser for a delivered vehicle and HVIP funds are still available, the dealer and new purchaser may request a new voucher.

If a voucher request or redemption is denied (and HVIP funds are not yet depleted), the Grantee shall provide the applicant with the reason for the denial in writing. Any applicants who feel that they have been unfairly denied a voucher may submit an appeal to the ARB Project Liaison. Such an appeal must be signed by the applicant and

submitted in writing via postal mail within 30 days of the date shown on the written HVIP denial letter to:

ARB Project Liaison: Mr. Joe Calavita
 Air Quality Improvement Program Section
 P.O. Box 2815
 Sacramento, CA 95812
 Attn: HVIP Appeals

Appeals made by e-mail, fax or phone will not be considered. The appeal shall contain all facts and documentation upon which the appeal is based. Failure to supply this information shall be grounds for rejection of the appeal. A written response to the appeal will be provided by the ARB Project Liaison within 60 days of receipt. ARB's decision shall be final and binding.

2.6 Vehicle Voucher Amounts

Eligible hybrid and zero-emission vehicles may receive an HVIP voucher for up to the funding amounts identified in the Base Incentive column in Table 2. The per vehicle voucher amount is higher for the first vehicles ordered by a fleet in order to encourage smaller fleets to participate in the HVIP while maintaining the ability of larger fleets to order large quantities of hybrid and zero-emission vehicles. For example, a fleet purchasing multiple 28,000 lbs GVWR hybrid trucks would receive \$30,000 vouchers for the first three vehicles for which a voucher is requested as part of the FY 2011-12 HVIP, \$20,000 vouchers for vehicles four through thirty, and so on. This same structure applies for fleets purchasing vehicles of different weight classes. For example, if a fleet purchased three 28,000 lbs GVWR hybrid trucks and four 18,000 lbs hybrid trucks, they would receive \$30,000 vouchers for the first three vehicles and \$15,000 for the next four.

Table 2: Eligible Truck and Bus Voucher Amounts

Gross Vehicle Weight in Pounds (lbs)		Base Vehicle Incentive			
		First 3 vehicles	4 to 30 vehicles	31 to 65 vehicles	66 to 100 vehicles
5,001 – 8,500 lbs	Zero-Emission	\$12,000	\$10,000	\$8,000	\$6,000
8,501 – 10,000 lbs	Plug-in Hybrid	\$15,000	\$10,000	\$8,000	\$6,000
	Zero-Emission	\$20,000	\$15,000	\$12,000	\$10,000
10,001 – 19,500 lbs		\$25,000	\$15,000	\$12,000	\$10,000
19,501 – 33,000 lbs		\$30,000	\$20,000	\$15,000	\$12,000
33,001 – 38,000 lbs		\$35,000	\$25,000	\$20,000	\$15,000
> 38,000 lbs		\$40,000	\$30,000	\$25,000	\$20,000

An ARB-certified hybrid vehicle above 14,000 lbs is eligible for an additional \$5,000 voucher.
 See School Buses (below) for information regarding additional incentive for public school buses.

Under no circumstances may the HVIP Base Incentive identified in Table 2 exceed the full incremental cost of a hybrid or electric vehicle. For vehicle make/models in which the HVIP Base Incentive amount exceeds the actual vehicle incremental cost, ARB will

reduce the HVIP Base Incentive identified in Table 2 to reflect actual vehicle incremental cost. For example, if Hybrid Vehicle A with a 25,000 lbs. GVW has an incremental cost of \$10,000, the HVIP Base Incentive for Vehicle A will not exceed \$10,000, plus any additional HVIP incentive(s) for ARB-certification. Vehicle incremental cost will be determined by ARB based upon baseline and hybrid vehicle cost information provided by hybrid vehicle manufacturers as part of their HVIP vehicle eligibility application and other available vehicle cost data.

Additional Incentive for ARB-Certified Hybrids

A heavy-duty hybrid vehicle (i.e. a vehicle above 14,000 lbs.) which has been ARB-certified is eligible for an additional \$5,000 voucher amount, since ARB-certified vehicles' criteria pollutant emission reductions have been verified, and these vehicles are demonstrated to meet ARB durability requirements. This additional voucher amount will be reflected in the voucher received by the dealer when the hybrid vehicle is ordered. If a vehicle becomes ARB-certified while the vehicle is on order, but before the vehicle has been purchased, that vehicle will be eligible to receive the additional \$5,000 voucher amount if HVIP funding is still available. Vehicles below 14,000 lbs. GVW are not eligible for an additional \$5,000 incentive for ARB certification.

School Buses

Toxic emissions from diesel-fueled school buses are a serious public health concern, particularly for school age children who are more susceptible to their harmful health effects. School buses operate in close proximity to students and nearby neighborhoods. Because of these health concerns, California voters and the State Legislature have provided about \$300 million over the past decade for the Lower-Emission School Bus Program (LESBP) to clean-up the school bus fleet.

While public school districts may combine local LESBP funds with HVIP voucher funds to pay for most of the cost of a new hybrid school bus, few HVIP vouchers for hybrid or zero-emission school buses have been requested thus far. Because reducing emissions from school buses continues to be an ARB priority, an additional \$10,000 is provided for school buses purchased by public school districts, above the amounts identified in Table 2. See Appendix C for guidance regarding what qualifies as a public school district. This would enable HVIP to provide a \$30,000 base vehicle incentive for a 26,000 lb hybrid school bus, plus a \$10,000 school bus bump-up for a total \$40,000 voucher for the first three hybrid or electric school buses purchased by a public school district. If the LESBP provides \$140,000 towards the cost of a typical \$200,000 hybrid bus, the combined public funds provide 90 percent of the total bus cost. Other funding, such as federal or local air district funds, could potentially be used to pay for the remaining cost.

Fleet and Manufacturer Voucher Limits

The following limits on HVIP vouchers are in place to ensure a diversity of fleets have access to voucher funds from multiple vehicle manufacturers.

- A limit of 100 vehicle vouchers per fleet per HVIP funding cycle has been in place for the HVIP's first two years. This limit is being raised to 200 vehicles per fleet for the FY 2011-12 HVIP. The FY 2011-12 HVIP's progressive voucher funding structure provides a deterrent from any one fleet requesting excessive numbers of vouchers, while enabling the HVIP to fund more vehicles should fleets choose to request more vouchers at lower voucher amounts.
- No more than 100 HVIP vouchers per fleet may be outstanding/unredeemed at one time. This requirement is intended to encourage timely redemption of outstanding vouchers.
- As of November 2011, thirteen different vehicle manufacturers have vehicles on HVIP eligible vehicle list. The large number of participating manufacturers should help hybrid vehicle technology become sustainable more quickly. To ensure continuing diversity in the marketplace, no more than lessee50 percent of FY 2011-12 HVIP funding may be provided to any single manufacturer's vehicles.

For the purposes of the HVIP, vehicles under common ownership or fiduciary control of a fleet -- including but not limited entities sharing a common Taxpayer Identification Number (TIN) or California Carrier Identification Number (CA #) -- are considered part of a single fleet even if they are part of different subsidiaries, divisions, or other organizational structures of a company, government agency, or other entity. ARB or its designee may seek financial reimbursement and/or civil and criminal penalties from a vehicle purchaser for non-disclosure or inaccurate disclosure of its TIN, CA#, or other information relating to common ownership or fiduciary control of the purchasing entity. The lessee is considered the vehicle purchaser for transactions in which the vehicle is purchased by a vehicle leasing agency and leased to an end-user for three or more years at the time of HVIP voucher redemption. Questions regarding common ownership or fiduciary control of an organization should be directed to the ARB Project Liaison at icalavit@arb.ca.gov . See Section 3.4 for more information regarding vehicle lease or rental agencies.

2.7 Opportunities for Additional Vehicle Cost Buy-Down

The HVIP is intended to allow vehicle purchasers to augment HVIP funds with other sources of public funding. Examples of program funds that may be combined with HVIP funds include LESBP funds and local air district funding. HVIP funds may not be combined with Carl Moyer Program funds – including Carl Moyer Voucher Incentive Program (VIP) funds – due to the Carl Moyer Program's enabling statute. A vehicle shall not eligible to receive vouchers from both the HVIP and VIP.

The HVIP has no prohibition on combining funds from other programs to further buy-down a vehicle's incremental cost; however, these combined funds must not exceed the vehicle's incremental cost. School buses are an exception to this restriction, as illustrated in the school bus example below. All other public funding for a vehicle receiving an HVIP voucher must be disclosed at the time of the HVIP voucher request.

Vehicle incremental cost will be determined by ARB based upon baseline and hybrid vehicle cost information provided by hybrid vehicle manufacturers as part of their HVIP vehicle eligibility application and other available vehicle cost data.

Example Calculations

This section provides example calculations of the maximum allowable HVIP voucher amount, based upon assumptions regarding other potential funding sources. These examples are for illustrative purposes only. The actual maximum voucher amount will depend upon each specific circumstance.

Air District Grant. A local air district grant of \$25,000 for a non-ARB certified hybrid utility truck of 30,000 lbs. GVWR would cover most of that vehicle's \$40,000 incremental cost. As a result, the maximum allowable HVIP voucher amount would be \$15,000.

$$\begin{array}{r} \$40,000 \text{ full incremental cost} \\ - \quad \underline{\$25,000 \text{ air district grant}} \\ = \quad \$15,000 \text{ maximum HVIP voucher} \end{array}$$

Federal Stimulus Funding. A federal grant of \$40,000 for an ARB-certified hybrid trash truck of 48,000 lbs. GVWR would cover most of that vehicle's \$65,000 incremental cost. As a result, the maximum allowable base HVIP voucher amount would be \$25,000:

$$\begin{array}{r} \$65,000 \text{ full incremental cost} \\ - \quad \underline{\$40,000 \text{ federal grant}} \\ = \quad \$25,000 \text{ maximum HVIP voucher} \end{array}$$

Federal Transportation Agency (FTA) Grant. Transit agencies receive an 80 percent grant from the FTA for most new vehicle purchases, including new hybrid vehicle purchases. The HVIP will pay for up to half of the new vehicle cost which is not covered by the FTA grant, up to the full voucher amount.

For example, a transit agency receives a \$240,000 FTA grant towards the purchase of a new \$300,000 transit bus of 45,000 lbs. GVWR. In this case, the HVIP base vehicle incentive cannot exceed half of the remaining vehicle cost. Therefore, the maximum allowable HVIP voucher would be \$30,000.

$$\begin{array}{r} \$300,000 \text{ new bus cost} \\ - \quad \underline{\$240,000 \text{ FTA grant}} \\ = \quad \$60,000 \text{ remaining bus cost} \\ \quad \text{Half the remaining bus cost} = \$30,000 \end{array}$$

Lower-Emission School Bus Program. School buses purchased by public school districts eligible to receive LESBP new bus funding are not subject to incremental cost prohibition described in this section (see Appendix C for guidance regarding what qualifies as a public school district). For these public school district purchases, the HVIP and other total local, state, or federal public incentives may not exceed the total

hybrid school bus purchase price. For example, if a new \$200,000 hybrid school bus receives \$140,000 in LESBP funding, and \$25,000 in school district LESBP match funding, the maximum allowable HVIP voucher amount is calculated as:

	\$200,000 full cost of new hybrid school bus
-	\$140,000 LESB grant
-	<u>\$25,000 district match</u>
=	\$35,000 maximum HVIP voucher

The hybrid school bus could potentially receive an additional \$5,000 for ARB-certification and \$10,000 for the first three buses purchased, for a total of \$60,000 in HVIP funding. However, since total grant funding may not exceed the total hybrid school bus purchase price (\$200,000 in this example), if the HVIP voucher exceeds \$35,000 the district match or LESB grant must be decreased accordingly.

3 DUTIES AND REQUIREMENTS

3.1 Air Resources Board

ARB is responsible for:

- Development of the Draft HVIP Implementation Manual (the Implementation Manual will be finalized by the selected Grantee in coordination with ARB).
- Selecting the Grantee.
- Evaluating and approving non-ARB certified vehicles for HVIP eligibility, and providing the Grantee an up-to-date list of eligible vehicles. ARB is responsible for working closely with vehicle manufacturers and TEMs to determine vehicle eligibility.
- Participating in regular meetings with the Grantee to discuss project refinements and guide project implementation.
- Review and approval of project elements provided by the Grantee, such as the Grantee's HVIP webpage, voucher payment verification, and progress reports.
- Distribution of project funds to the Grantee.
- Project oversight and accountability (in conjunction with the Grantee).
- Meet all applicable requirements of statute, the AQIP Guidelines and Funding Plan, the HVIP solicitation, the grant agreement with the Grantee, and the HVIP Implementation Manual.

ARB shall also designate an ARB Project Liaison as the contact person for coordination with the Grantee. The ARB Project Liaison for the FY 2011-12 HVIP is Mr. Joe Calavita. Mr. Calavita can be reached by e-mail at jcalavit@arb.ca.gov or by telephone at (916) 445-4586.

3.2 Grantee

The Grantee responsibilities encompass three phases to ensure the efficient and proper distribution of voucher payments for eligible vehicles – project development, project

2011-12 HVIP Solicitation

APPENDIX B

implementation, and project activity reporting, including but not limited to, the following tasks:

- Identify and implement effective new mechanisms for increasing HVIP voucher demand, including demand by public fleets.
- Conduct the statewide public outreach to vehicle dealers and fleets necessary for the project to be successful. Outreach could include on-site dealer trainings and public question and answer sessions. The following targeted outreach is also encouraged:
 - Outreach to geographic areas which may have been underrepresented in the FY 2010-11 HVIP, such as the San Joaquin Valley.
 - Outreach to public fleets.
 - Outreach to public and private school districts.
 - Outreach to vehicle rental agencies.
- Develop/maintain a user-friendly public webpage to:
 - Include a list of eligible vehicles and each vehicle's eligible voucher amount.
 - Provide voucher request and voucher redemption forms.
 - Track total HVIP funds available and expended in real time.
- Ensure participating vehicle dealers and purchasers meet all applicable HVIP requirements.
- Use the criteria in this Implementation Manual to review and approve voucher requests.
- Distribute voucher payments to vehicle dealers for eligible vehicle purchases.
- Track reservation and expenditure of HVIP grant funding.
- Closely communicate with the ARB to ensure that the most current vehicle eligibility list is being used.
- Respond to public inquiries regarding the HVIP.
- Work with vehicle manufacturers to create a list of dealerships authorized to receive HVIP vouchers.
- Provide ARB with a HVIP Final Report that summarizes and evaluates total fund expenditures (including match and in-kind funds), vehicles funded, outreach efforts, and implementation challenges per source of funding (e.g. ARB and Energy Commission funding) and recommends potential program improvements.
- Provide Status Reports to the ARB detailing vouchers awarded for ordered vehicles and redeemed for purchased vehicles. The grant agreement with the Grantee may specify an electronic format for quarterly reporting, as needed for transparent and effective data tracking.
- Provide ARB a mechanism for receiving three years of annual reports from vehicle purchasers.
- Provide ARB with all webpage(s), software or other intellectual property developed or purchased by the Grantee for the purposes of administering or implementing the HVIP (if requested).

- Ensure that it and its subcontractors meet all applicable requirements of statute, the AQIP Guidelines and Funding Plan, ARB's HVIP solicitation, the HVIP grant agreement with ARB, and this Implementation Manual.

Conflict of Interest

The Grantee may have no interest, and shall not acquire any interest, direct or indirect, which will conflict with its ability to impartially complete the project tasks described above. All applicants must disclose any direct or indirect financial interest or situation which may pose an actual, apparent, or potential conflict of interest with its duties at the time of the HVIP Grantee solicitation. Although applicants are not automatically disqualified due to a potential or appearance of a conflict of interest at the time of the HVIP Grantee solicitation, ARB may consider the nature and extent of any potential or apparent conflict of interest in evaluating the proposal. The HVIP Grantee must immediately advise ARB in writing of any potential new conflicts of interest throughout the grant term.

3.3 Vehicle Dealer

Truck and bus dealers play a central role in the HVIP's success. The Grantee will work with ARB to develop/maintain a list of dealerships eligible to participate in the HVIP, and to receive a written commitment from these dealers to comply with all applicable project requirements. The eligible dealership list will be used to streamline project access while ensuring project transparency and accountability. The following entities may be considered eligible vehicle dealers for the purposes of the HVIP:

- A truck or bus dealership which has a written agreement with a medium- or heavy-duty vehicle manufacturer, which has had a valid business license for the past two years, and which has an official dealer number.
- An original truck or bus vehicle manufacturer which manufactures HVIP-eligible vehicles and sells those vehicles directly to fleets.
- A truck or bus TEM which has a written agreement with a medium- or heavy-duty vehicle manufacturer and has had a valid business license for the past two years.

For the purposes of the FY 2011-12 HVIP, a vehicle dealer is the vendor of the fully assembled and completed vehicle, and not the vendor of the vehicle chassis. This definition will impact transactions where a dealer sells a chassis to a TEM for final manufacture and the TEM then sells the completed vehicle to the purchaser. In this case, the TEM rather than the chassis vendor is considered the HVIP dealer.

The Grantee will work with vehicle manufacturers to maintain a list of dealerships authorized to receive HVIP vouchers. Hybrid vehicle dealerships have an important role in ensuring the success of the HVIP. Dealer responsibilities include:

- Becoming familiar with all HVIP requirements.
- Participation in dealer training and registration.
- Providing accurate information to vehicle purchasers, the Grantee, and ARB.

- Completing voucher request and voucher redemption forms, with the assistance of the vehicle purchaser, and in supplying the necessary vehicle purchase documentation.
- Providing accurate and complete documentation of the vehicle purchase to the Grantee.
- Providing reasonable assistance to ARB or its designee to obtain updated purchaser information, inspect vehicles, and review HVIP-related records during the first three years after purchase.

The HVIP is intended to lower the vehicle price for the vehicle purchaser by the full voucher amount. Vehicle dealers must deduct the full voucher amount from the vehicle purchase price to be eligible for a voucher. Sales tax for the vehicle purchase shall be based upon the pre-voucher cost of the vehicle. The invoices provided by the dealer as proof of purchase for voucher redemption must itemize all vehicle charges (e.g., price of the vehicle, delivery fee, all applicable taxes, etc.) and must show the deduction of the voucher amount.

The voucher request form and voucher redemption form both are legally binding and enforceable agreements to meet the requirements of the project. The dealer is responsible for ensuring the accuracy of the vehicle and dealership information on all voucher request or redemption forms it submits to the Grantee. Submission of false information on any of these forms may result in cancellation of the voucher, recapture of funds, and removal from the dealership list. In addition, ARB may seek other remedies available under law.

Participating dealers must keep written records of sales transactions for vehicles funded with an HVIP voucher – including but not limited to the vehicle Bill of Lading, vehicle invoice, and proof of purchase -- for three years after the vehicle purchase transaction. A vehicle dealer must provide ARB (or its designee) with all requested information related to compliance with HVIP requirements or any vehicle(s) purchased with an HVIP voucher within ten days of ARB's written request for such information. Requested information may include but is not limited to purchase orders or agreements, delivery Bill of Lading, and vehicle payment information and related bank records. Dealers that submit false information to the Grantee or inflate the price of a funded hybrid vehicle may be required to return the full voucher amount to the Grantee or ARB, and may be excluded from future participation in the HVIP. In addition, ARB may seek other remedies available under law.

3.4 Vehicle Purchaser

The truck or bus purchaser is responsible for completing the voucher request and redemption forms with the dealer and for paying the non-voucher portion of the vehicle cost. To receive an HVIP voucher, a vehicle purchaser must:

- Be an individual, business, non-profit, or government entity which is based in California or has a California-based affiliate. A truck or bus leasing/rental agency based outside of California is also eligible if the vehicle is leased/rented to an

entity that will meet all HVIP operational, reporting, and other applicable requirements. (See Page 20 for additional information regarding vehicle lease or rental agencies)

- Maintain insurance as required by law. If the purchased vehicle is destroyed or otherwise permanently inoperable due to an accident or for any other reason, the vehicle purchaser must notify the ARB Project Liaison in writing within two weeks after the vehicle becomes inoperable. (See Section 2.5 for ARB Project Liaison mailing address) The written notification must provide proof that the specific funded vehicle has become inoperable, including photographs of the inoperable vehicle with license plates or other identifying markings, as well as any applicable insurance or police documentation.
- Commit to operate the vehicle 100 percent within California for at least three years after the voucher redemption date. Vehicles registered in a California county that borders another state and emergency response vehicles may be granted permission to accrue up to 25 percent of their mileage each year for the three year reporting period outside of California if requested and approved by the ARB in writing prior to the vehicle being deployed out of state. Requests must be made in writing to the ARB Project Liaison.
- Not make or allow any modifications to the vehicle's emissions control systems, hardware, software calibrations, or hybrid system. (Vehicle Code Section 27156)
- Submit annual usage surveys for three years. Usage surveys will be provided by ARB for completion by the vehicle purchaser. ARB reserves the right to bar a fleet which does not provide timely and accurate HVIP usage surveys as required.
- Commit that any emission reductions generated by the purchased hybrid vehicle will not be used as marketable emission reduction credits, or to offset any emission reduction obligation of any person or entity.
- Allow ARB, the Grantee, or their designee to verify the vehicle registration with the California Department of Motor Vehicles (DMV).
- Be available for follow-up inspection if requested by the Grantee, ARB, or ARB's designee.

Vehicle purchasers participating in the HVIP are expected to keep the vehicle and meet all applicable project requirements for a minimum three year period after the vehicle purchase date. However, resale of a vehicle is allowed within this three year period if necessitated by unforeseen or unavoidable circumstances. Resale of an HVIP-funded vehicle must receive ARB written approval prior to resale. A vehicle purchased with an HVIP voucher may not be resold more than once within three years of the original purchase date.

For vehicles resold within three years of the original vehicle purchase date, the original vehicle purchaser must inform the new purchaser in writing about the voucher rebate amount and applicable voucher project requirements. The new vehicle purchaser must agree in writing to meet all applicable HVIP requirements of original vehicle purchasers.

The original vehicle purchaser must notify the ARB Project Liaison in writing of its intent to sell the vehicle at least seven calendar days prior to the vehicle resale. Within seven calendar days after the vehicle resale, the original vehicle purchaser must notify the ARB Project Liaison that the vehicle has been resold and provide the mailing address, phone number and e-mail (if any) of the purchaser as well as the vehicle resale price. Within thirty calendar days after the vehicle resale, the entity buying the vehicle from the original vehicle purchaser must also provide the ARB Project Liaison with: 1) their mailing address, phone number and e-mail (if any); 2) a copy of the new California DMV title documenting of the vehicle resale; 3) a written commitment to meet the terms and conditions identified on the original voucher; and 4) a written commitment to complete and return the annual usage survey as required by the original voucher. ARB reserves the right to pursue all remedies available under the law for noncompliance with these requirements.

The vehicle purchaser is responsible for ensuring the accuracy of the vehicle and vehicle purchaser information on the voucher request and redemption forms. Submission of false information on either of these forms may be considered a criminal offense and is punishable under penalty of perjury under the laws of the State of California.

Vehicle purchasers must keep written records of the vehicle purchase for vehicles funded with an HVIP voucher – including the vehicle invoice, proof of purchase, and DMV records-- for three years after the vehicle purchase transaction. A vehicle purchaser must provide ARB (or its designee) with all requested information related to any vehicle purchased with an HVIP voucher within ten days of ARB's written request for such information. Requested information may include but is not limited to purchase orders or agreements, vehicle payment information and related bank records, and purchaser fleet information. Vehicle purchasers that submit false information to the Grantee or ARB may be required to return the full voucher amount to the Grantee or ARB, and may be excluded from future participation in the HVIP. In addition, ARB may pursue other remedies available under the law.

Vehicle Lease or Rental Agencies

For the purposes of the HVIP, any fleet that enters into a rental or lease agreement of three or more years with a vehicle leasing or rental agency within six months of when the HVIP voucher is redeemed shall be considered the vehicle purchaser. Conversely, any vehicle lease or rental entity that receives an HVIP-funded vehicle but does not enter into such an agreement within six months of voucher redemption/vehicle purchase shall be considered the vehicle purchaser. Any vehicle lease or rental entity that leases or rents a vehicle purchased with an HVIP voucher within three years of the HVIP voucher redemption date must disclose the voucher amount and voucher terms to the vehicle renter or lessee. The lease or rental agreement must include all commitments needed from the lessee or renter to ensure that 1) the vehicle operates 100 percent in California as required by the voucher redemption form and 2) all required annual activity reports will be submitted to ARB.

ARB reserves the right to review lease or rental agreements to confirm appropriate disclosures are made regarding the HVIP voucher amount received and vehicle activity and reporting requirements. Vehicle purchasers must provide ARB (or its designee) all requested information related to any vehicle purchased with an HVIP voucher (including lease or rental agreements) within ten days of ARB's written request for such information. The vehicle purchaser (ie, the lessee for lease agreements of three or more years as described above) is responsible for ensuring annual activity reports are accurate and are submitted as required. An HVIP voucher can be provided at time of vehicle purchase only, and is not provided at the time a vehicle is leased or rented. See Section 2.6 (Additional Incentive for First Vehicle Purchased) for more information regarding vehicle lease or rental agencies.

4 PROJECT ADMINISTRATION

4.1 Background

This section defines the respective roles of the ARB and the Grantee in administering the HVIP. The Grantee must track all Energy Commission funds separately from ARB funds, including funds received and rebates issued on behalf of the Energy Commission. The accounting of these funds must be in compliance with all relevant subsections of section 4 of this Implementation Manual. The Grantee must provide a description of the accounting process in accordance with the timeline identified in the grant agreement.

4.1.1 Carryover of FY 2010-11 HVIP Funding

Any FY 2010-11 HVIP vehicle voucher funding remaining at FY 2011-12 HVIP launch will be rolled into the FY 2011-12 HVIP. The rules and requirements for any carried over FY 2010-11 HVIP funds are as follows:

- From the vehicle dealer and purchaser perspective, all new voucher requests once the FY 2011-12 HVIP launches will follow FY 2011-12 HVIP requirements. This will enable the HVIP to remain as straightforward and transparent as possible for program end-users.
- The FY 2010-11 HVIP Grant Agreement between ARB and the Grantee requires the Grantee fund \$18,086,442 in HVIP-eligible vehicles. Should not all these funds be allocated for program vouchers by the time the FY 2011-12 HVIP launches, any remaining and carried over funds will continue to be associated with the FY 2010-11 HVIP for ARB and Grantee accounting and progress tracking purposes. For example, if \$5 million is carried over into the FY 2011-12 HVIP, the first \$5 million in FY 2011-12 voucher funds requested and redeemed would go towards meeting the Grantee's FY 2010-11 HVIP Grant Agreement milestones and requirements.

4.2 Disbursement of Project Funding

4.2.1 Vehicle Funding

The success of the HVIP is contingent upon hybrid vehicle dealerships deducting the voucher amount from the vehicle purchase price at the time the purchaser makes the purchase. A dealership is more likely to accept the voucher's cash value at the time of purchase if the voucher is redeemed quickly. As such, the Grantee will receive ten percent of HVIP funding from ARB as seed money at project start-up in order to turn around voucher redemptions from dealers within one to two weeks. This seed funding includes up to fifty percent of the total allowable HVIP administration funding (See Section 4.2.2), with the remainder of the ten percent of total HVIP funds to be used to redeem vehicle vouchers. ARB will provide adequate additional funds to the Grantee on a set schedule as needed to quickly and efficiently redeem vouchers. The Grantee must submit a Status Report to ARB to justify additional vehicle funding. The Grantee may request a funding amount up to that needed to pay off vouchers which have been assigned and not yet redeemed.

4.2.2 Administration Funding

Air Resources Board Funds

The Grantee may use up to 8.5 percent of ARB HVIP funds for project administration and outreach (costs associated with the overhead of promoting, issuing, and redeeming rebates). The Grantee shall receive ARB HVIP funding for project overhead on the following schedule:

- 50 percent of project administration funds at the time the Grant Agreement is signed for outreach, dealer training, and other project start-up costs
- Five percent of administration funding after completion of dealer trainings, finalization of the HVIP Implementation Manual, and the HVIP website is fully functional.
- Five percent of administration funding after 25 percent of voucher funding is committed via vouchers issued.
- Five percent of administration funding after 50 percent of voucher funding is committed via vouchers issued.
- Five percent of administration funding after 75 percent of voucher funding is committed via vouchers issued.
- Five percent of administration funding after all voucher funding is committed via vouchers issued.
- Five percent of administration funding after 25 percent of voucher funding has been expended on vehicles purchased.
- Five percent of administration funding after 50 percent of voucher funding has been expended on vehicles purchased.
- Five percent of administration funding after 75 percent of voucher funding has been expended on vehicles purchased.

- Final ten percent (100 percent cumulative) of administration funding after ARB has received and approved the Grantee's mechanism for receiving vehicle annual activity reports, ARB has received all intellectual property and data needed to ensure continued smooth implementation of the HVIP (if requested, see Sections 4.4 and 4.5), the Grantee provides documentation describing expenditure of all match funding and in-kind services committed to in the project application and ARB has received a Final Report documenting vehicles paid for by the program and fulfillment of all project commitments.

The ARB will have the sole discretion to accelerate the timeline for allowable disbursements of administration funds identified above (with the exception of the final project administration disbursement) necessary to assure the goals of the project are met. With the exception of the initial 50 percent of administrative funding provided for project start-up, all administrative funding provided to the Grantee shall be on a reimbursement basis and requires administrative cost summaries approved by ARB for completed tasks and/or eligible expenses. The Grantee must provide cost summaries for the first 50 percent of administration funding before additional administration funding will be provided. The milestones needed for disbursements of the five percent increments of administration funding described above need not be sequential. For example, the Grantee may receive five percent of total administration funding when the milestone of expending 25, 50 and 75 percent of vehicle funding, even if all voucher funding has not yet been committed via vouchers issued.

With the exception of the initial 50 percent of administrative funding, all administrative funding provided to the Grantee shall be on a reimbursement basis and requires administrative cost summaries approved by ARB for completed tasks and/or eligible expenses. The Grantee must provide cost summaries for the first 50 percent of administration funding before additional administration funding will be provided.

Administrative cost summaries used to justify an additional increment of administration funding from ARB must describe costs for work completed in the following categories: 1) labor expenses (including total staff time and labor costs); 2) external consultant fees for completed work (if applicable); 3) printing, mailing, travel, and other outreach expenses; and 4) indirect costs. Additional administrative cost category summaries may be provided to ARB if warranted. Documentation substantiating these costs must be maintained by the Grantee and provided to ARB upon request, as described in Sections 4.6 of this Implementation Manual.

4.3 Accounting of State Funds

The Grantee must provide ARB with documentation accounting for the proper expenditure of State funds. The documentation must be provided in Status Reports submitted at least every three months to ARB and a Final Report submitted after all vehicle funding has been expended and prior to the Grantee receiving their last disbursement of administrative funding.

Status Report

The Grantee must submit a Status Report to ARB detailing the vehicles and associated voucher amounts assigned and redeemed to date. The Status Report must include at a minimum the following information per source of funding (e.g. ARB and Energy Commission funds):

- Number of voucher request forms received
- Number and amount of vouchers awarded broken out by GVWR, vehicle type, fleet type (public or private), and California air basin
- Administrative cost summaries
- Remaining grant funding available
- Identified problems or concerns

The Status Report provides a mechanism for the Grantee to justify a need for an additional HVIP funding increment from ARB. The Status Report must be submitted at least every three months, but may be provided on a monthly or bi-monthly basis if needed to justify additional funding from ARB. The first Status Report must be submitted three months after the grant agreement is fully executed or when requesting additional disbursement of funds, whichever is sooner.

Final Report

The Grantee must submit a Final Report to ARB after all vehicle funding has been expended. This report must document all vehicles paid for by the program per source funding (which may be provided as summaries of previously submitted Status Reports) and fulfillment of all project commitments.

4.4 Intellectual Property

The Grantee is responsible for implementation of the FY 2011-12 HVIP approved by the Board as part of the FY 2011-12 AQIP Funding Plan. Should the HVIP receive additional funding in FY 2012-13, the ARB is required to select a Grantee for these future year funds via another competitive solicitation. The Grantee selected to administer FY 2011-12 HVIP funding is encouraged to apply to manage the HVIP in subsequent funding years.

Any webpage(s), software or other intellectual property developed or purchased by the Grantee for the purposes of administering or implementing the HVIP are the property of ARB. Should a different Grantee be selected to manage the HVIP in subsequent funding years, it will be the Grantee's responsibility to turn over this property and information to the new Grantee and provide all reasonable and necessary assistance needed to ensure a smooth transition. It is ARB's intention that access to and redemption of vouchers be seamless to vehicle dealers and purchasers as HVIP funding transitions to each new fiscal year.

4.5 Vehicle Activity Reporting

The purchasers of hybrid and zero-emission vehicles that receive a HVIP voucher must report annually for three years regarding vehicle miles travelled, fleet location, and

compliance with the 100 percent operation in California requirement. The Grantee is responsible for providing ARB with a simple and effective mechanism for requesting and receiving this information from vehicle purchasers. These mechanisms could include U.S. Mail packages with the reporting form and return envelope to be sent by ARB to the vehicle purchaser annually, an internet-based system for the vehicle purchaser to annually report activity, or some other mechanism. ARB will work with the Grantee to determine the most simple and effective mechanism for ensuring receipt of annual reports.

4.6 Documentation of Administrative Costs

Administrative funds shall only be used for costs associated with project implementation related tasks outlined in the AQIP Funding Plan, the project solicitation, the Implementation Manual, or grant agreement with the Grantee. Administrative funds shall be used for HVIP administration and outreach including: Grantee staff time; consultant fees (if pre-approved by ARB); printing, mailing, and travel costs; project monitoring and compliance expenses; and indirect costs such as general administrative services, office space, and telephone services.

The Grantee must maintain documentation of HVIP funds used for administration and outreach per source of funding (e.g. ARB and Energy Commission funds), including:

- Personnel documentation must make use of timesheets or other labor tracking software. Duty statements or other documentation may also be used to verify the number of staff and actual hours or percent of time staff devoted to HVIP administration and outreach.
- Fees for external consultants must be documented with copies of the consultant contract and invoices. All external consultant fees must be pre-approved by ARB.
- Printing, mailing, and travel expenses must be documented with receipts and/or invoices.
- Any reimbursement for necessary travel and per diem shall be at rates not to exceed those amounts paid to the State's represented employees. No travel outside the State of California shall be reimbursed unless prior written authorization is obtained from ARB. The State's travel and per diem reimbursement amounts may be found online at <http://www.dpa.ca.gov/personnel-policies/travel/hr-staff.htm> . Reimbursement will be at the State travel and per diem amounts that are current as of the date costs are incurred by the Grantee.
- If indirect costs are used to document project administrative costs funded by the HVIP, the Grantee must have an official written policy regarding calculation of these costs. The Project Administrator must maintain documentation for all costs referenced in the indirect cost calculation formula.

The above documentation, records, and referenced materials must be made available for review during ARB, or its designee, monitoring visits and audits. These records

must be retained for a minimum of three years after submittal of the final HVIP invoice to ARB.

4.7 In-Kind Services

The Grantee is encouraged to contribute in-kind services to improve the HVIP's effectiveness, or match funding to increase the number of vehicles funded. Funds expended on in-kind services must meet all the requirements of Section 4.6 of this Implementation Manual and must be documented in the HVIP Final Report to ARB.

4.8 Match Funding

Match funding can only be used in two ways – to increase the number of eligible vehicles funded, or to increase the voucher amount provided to eligible vehicles (up to the vehicle's full incremental cost). All HVIP match funding or vehicles funded with match funds must meet the following criteria:

- Funding from other state or federal revenue sources, such as the Carl Moyer Program or other AB 118 programs, may not be counted as match.
- The combination of HVIP and match funding may not exceed a vehicle's incremental cost (See Section 2.7 for guidance regarding incremental cost).
- Match funding must meet the same requirements applicable to HVIP non-match funds, and vehicles purchased wholly or in part with match funding must meet the same requirements as vehicles funded with non-match HVIP funds.

Documentation of match funding expended on eligible vehicles must be retained for a minimum of three years after the match-funded voucher has been redeemed.

4.9 Earned Interest

Interest earned by the Grantee or its designee on HVIP funds must be reported to ARB per source of funding (e.g. ARB and Energy Commission funds). All interest income on HVIP funds, including both hybrid vehicle funding and project administration/outreach funding, must be reinvested in the HVIP to fund additional hybrids trucks or buses. The Grantee is responsible for reporting to ARB on all vehicles funded with interest earned on HVIP funds. Earned interest must be fully expended by June 30, 2014.

The Grantee must maintain accounting records (e.g. general ledger) that tracks interest earned and expended on HVIP funds, as follows:

- The calculation of interest must be based on an average daily balance or some other reasonable and demonstrable method of allocating the proceeds from the interest-generating account back into the program.
- The methodology for tracking earned interest must ensure that it is separately identifiable from interest earned on non-HVIP funds.
- The methodology for calculating earned interest must be consistent with how it is calculated for the Grantee's other fiscal programs.
- Earned interest not fully expended by June 30, 2014 must be returned to ARB.

Documentation of interest earned on HVIP funds must be retained for a minimum of three years after it is generated. Documentation of interest expended on eligible vehicles must be retained for a minimum of three years after the interest-funded voucher has been redeemed.

4.10 Fidelity Bond Insurance

ARB encourages the Grantee to maintain Fidelity Bond/Crime Insurance coverage for state-owned property or funding in the care, custody, or control of the Grantee. The policy should include as loss payee the California Air Resources Board and provide insurance against loss of HVIP funding or property due to employee misconduct. Public entities and non-profit agencies may provide either proof of insurance or bond or a letter of self-insurance.

4.11 Records

Without limitation of the requirement to maintain project accounts in accordance with generally accepted accounting principles, the Grantee must:

- Establish an official file for the HVIP which shall adequately document all significant actions relative to the project.
- Establish separate accounts which will adequately and accurately depict all amounts received and expended on the HVIP.
- Establish separate accounts which will adequately and accurately depict all income received which is attributable to the HVIP.
- Establish an accounting system which will adequately depict final total costs of the HVIP, including both direct and indirect costs.

If the Grantee charges unallowable costs for project administration or outreach, it shall be required to substitute eligible administration and outreach expenses equal to the dollar amount found ineligible, or return the funds for the unallowable cost to the ARB.

4.12 Oversight and Accountability

Through its administration of longstanding incentive programs such as the Carl Moyer Program, ARB has found that project evaluations and program reviews are essential to ensure that incentive program funds are run in accordance with statutory requirements and that State funds are spent transparently and efficiently. The Grantee is responsible for working closely with vehicle manufacturers, dealerships and ARB to safeguard HVIP funds from misuse as it implements the HVIP. The Grantee will work with ARB to develop and implement a protocol to detect fraud and to deter misuse of project funds. Vehicle dealers and purchasers participating in the HVIP must provide ARB or its designee and the Grantee access to all requested files and relevant information related to vehicle purchases involving an HVIP voucher.

ARB holds the overarching responsibility for HVIP fund oversight and project accountability and has final authority regarding vehicle eligibility and other program parameters. As such, ARB is responsible for monitoring and reviewing the Grantee's

implementation of the HVIP. The Grantee shall allow ARB, the Bureau of State Audits, or their designated representative the right to review and to copy any records and supporting documentation pertaining to its development or implementation of the HVIP. The Grantee must maintain such records for a possible audit for a minimum of three years after final payment from ARB. The Grantee must allow ARB or its designee access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records.

Responsibilities for HVIP oversight are as follows:

- ARB has primary oversight responsibility for the HVIP to ensure transparent and efficient implementation, and that AQIP funds are spent consistent with the requirements of statute, the AQIP Guidelines and Funding Plan, the HVIP solicitation and grant agreement with the Grantee, and this Implementation Manual. ARB reserves the right to conduct a site visit, evaluation, review, or audit the HVIP for the life of the project grant.
- If the Grantee detects any potentially fraudulent activity by a vehicle dealer or purchaser, they shall notify the ARB Project Liaison as soon as possible and work with ARB to determine an appropriate course of action.
- ARB staff or its designees have primary responsibility for conducting project reviews and/or fiscal audits of HVIP administration and implementation.
- Voucher recipients and the Grantee and its subcontractors shall allow ARB, the California Department of Finance, the California Bureau of State Audits, or any authorized designee access, during normal business hours, to conduct HVIP reviews and fiscal audits or other evaluations. Granting of access includes, but is not limited to, reviewing project records, site visits, and other evaluations as needed. Project evaluations or site visits may occur unannounced as ARB staff or its designee deems necessary.

Project Non-Performance

ARB or its designee has the authority to recoup HVIP funds which were received based upon misinformation or fraud, or for which the Grantee or its subcontractors, a dealership, manufacturer, or vehicle purchaser is in significant or continual non-compliance with this Implementation Manual or State law. ARB also retains the authority to prohibit any entity from participating in the HVIP due to non-compliance with project requirements, and seek any other remedy available under law.

5 DEFINITIONS

“**ARB-Certified**” for the purposes of the HVIP means a vehicle that has been certified and issued an Executive Order by ARB in accordance with the provisions of *California Interim Certification Procedures for 2004 and Subsequent Model Hybrid-Electric Vehicles, in the Urban Bus and Heavy-Duty Vehicle Classes*, adopted by ARB on October 24, 2002 or subsequent revisions (<http://www.arb.ca.gov/regact/bus02/ip.pdf>).

“ARB Project Liaison” for the purposes of this program is the ARB staff person named in this Implementation Manual that serves as the point of contact for coordination with the HVIP Grantee.

“Bucket truck with zero-emission power take-off” – *to be determined.*

“Commercial vehicle” for the purposes of this program means any vehicle or combination of vehicles defined in Vehicle Code Section 15210(b).

“Dealer” for the purposes of the HVIP is the vendor of the fully assembled and completed HVIP vehicle (not the vehicle chassis vendor), and includes dealerships, manufacturers, and TEMs that sell new medium- or heavy-duty vehicles directly to a vehicle purchaser (see Section 3.3 for dealer eligibility requirements).

“Earned interest” for the purposes of this program means any interest generated from State AQIP funds provided to the Grantee and held in an interest-bearing account.

“Expend” for the purpose of this program means the payment of funds on an invoice for an eligible vehicle.

“Fleet” is defined for purposes of determining eligibility for extra \$5,000 HVIP voucher for first vehicle purchased by a single fleet and limit of 100 vouchers for a single fleet. Fleet means vehicles traveling in California owned by a person, business, non-profit or government agency and consists of one or more vehicles. Vehicles under common ownership or control that share a common Tax Identification Number or California Carrier Identification Number (CA #) are considered part of a single fleet even if they are part of different subsidiaries, divisions, or other organizational structures of a company or government agency.

“Grantee” for the purposes of this program means the entity selected by ARB via competitive solicitation to administer the HVIP. The HVIP Grantee for the FY 2011-12 Air Quality Improvement Program is the Grantee. The responsibilities of the Grantee are described in Section 3.2 of this Implementation Manual and in the grant agreement between ARB and the Grantee. The Grantee is responsible for ensuring it and its HVIP subcontractors meet all project requirements.

“Gross vehicle weight rating (GVWR)” for the purposes of this program means the vehicle weight described on the original manufacturer Line Setting Ticket provided to the vehicle dealer.

“Hybrid vehicle” for the purposes of this program means any vehicle that can draw propulsion energy from both of the following on-vehicle sources of stored energy: 1) consumable fuel, and 2) a rechargeable energy storage system.

“Incremental cost” for the purposes of this program means the difference in cost between the new hybrid or zero-emission vehicle and the comparable new gasoline or

diesel fueled vehicle that would be purchased to perform the same function. For the purposes of the HVIP, a hybrid vehicle incremental cost is assumed to be the amount identified in Table 3 of this Implementation Manual.

“In-kind services” for the purposes of this program means payments or contributions made in the form of goods and services, rather than direct monetary contributions.

“Line Setting Ticket” for the purposes of this program means the factory build or construction sheet created when the vehicle order is sent to the vehicle manufacturer. The Line Setting Ticket typically includes the new vehicle’s identification number (VIN), all the codes for standard equipment and options the salesman used to create this vehicle for his purchaser. After the factory assembles the vehicle and the vehicle is shipped and sold, the Line Setting Ticket identifies such things as the gross vehicle weight rating, engine type, transmission type, drive line, paint codes, gear ratio, and standard and optional equipment, specific to that vehicle.

“Match funding” for the purposes of this program means those funds contributed by the Grantee directly to the HVIP for the sole purposes of funding additional vehicles or increasing the vehicle voucher amount.

“Non-profit agency” for the purposes of this program means an agency or corporation that does not distribute corporate income to shareholders and is exempt from federal income taxes under Section 501 of the Internal Revenue Code (26 U.S.C.A. § 501).

“Plug-in hybrid electric vehicle” (PHEV), (also known as a Grid-connected HEV or GHEV) means a hybrid electric vehicle which has:

- zero emission vehicle range capability,
- on-board electrical energy storage device with useful capacity equivalent to greater than or equal to ten miles of Urban Dynamometer Driving Schedule (UDDS) range on electricity alone,
- is equipped with an on-board charger, and is
- rechargeable from an external connection to an off-board electrical source.

Note: A light-duty PHEV must be ARB enhanced AT-PZEV certified.

“Public fleet” for the purposes of this program includes all federal, state, city and government fleets plus public universities, public airports, public school districts, California public ports and special districts such as water, utility, and irrigation districts.

“Truck Equipment Manufacturer (TEM)” for the purposes of this program means a company that installs equipment on a truck or bus chassis. The TEM bears full responsibility for any vehicle defects under federal law and is responsible for certifying that the vehicle meets all applicable federal safety standards.

“UDDS” means urban dynamometer driving schedule as set forth Appendix I of title 40, Code of Federal Regulations, Part 86.

“Zero-Emission Vehicle (ZEV)” means a vehicle that itself produces no emissions of pollutants (including carbon dioxide, carbon monoxide, hydrocarbons, oxides of nitrogen, and particulates) when stationary or operating.

APPENDIX A: HVIP Eligible Vehicles

As of November 1, 2011

Autocar			
Vehicle Model Year	Vehicle Description	Gross Vehicle Weight	HVIP Voucher Amount
2011	Xpeditor E3 Refuse Vehicle with Cummins ISL9 Engine and Parker RunWise Advanced Series Hybrid Drive	38,001 – 66,000	\$25,000
2012	Xpeditor E3 Refuse Vehicle with Cummins ISL9 Engine and Parker RunWise Advanced Series Hybrid Drive	38,001 – 66,000	\$25,000

Azure Dynamics, Inc.			
Vehicle Model Year	Vehicle Description	Gross Vehicle Weight	HVIP Voucher Amount
2010	Azure Dynamics Balance Hybrid E-450 with Ford 5.4L 2010 MY Gasoline Engine - Engine Family AFMXE05.4BWC; ARB Vehicle Executive Order A-378-0002	14,001 - 19,500	\$15,000
2010	Azure Dynamics Balance Hybrid E-450 with Ford 5.4L 2010 MY Gasoline Engine - Engine Family AFMXE05.4BWC; ARB Vehicle Executive Order A-378-0002	19,501 - 33,000	\$20,000
2011	Azure Dynamics Balance Hybrid E-450 with Ford 5.4L 2011 MY Gasoline Engine – Engine Family BFMXE05.4BWC	14,001 - 19,500	\$15,000
2011	Azure Dynamics Balance Hybrid E-450 with Ford 5.4L 2011 MY Gasoline Engine – Engine Family BFMXE05.4BWC	19,501 - 33,000	\$20,000

Freightliner			
Vehicle Model Year	Vehicle Description	Gross Vehicle Weight	HVIP Voucher Amount
2010	Freightliner Hybrid M2 Delivery Vehicle with Eaton Hybrid System and 2010 MY Cummins 6.7L Engine – Engine Family ISB ACEXH0408BAH	26,001-33,000	\$20,000
2011	Freightliner Hybrid M2 Tractor with Eaton Hybrid System and 2010 MY Cummins 6.7L Engine – Engine Family ISB ACEXH0408BAH	26,001-33,000	\$20,000
2011	Freightliner Hybrid M2 Tractor with Eaton Hybrid System and 2010 MY Cummins 6.7L Engine – Engine Family ISB ACEXH0408BAH	33,001-38,000	\$25,000
2011	Freightliner Hybrid M2 Delivery Vehicle with Eaton Hybrid System and 2010 MY Cummins 6.7L Engine – Engine Family ISB ACEXH0408BAH	19,501-33,000	\$20,000
2011	Freightliner Hybrid M2 Utility Vehicle with Eaton Hybrid System and 2010 MY Cummins 6.7L Engine – Engine Family ISB ACEXH0408BAH	19,501-33,000	\$20,000
2011	Freightliner Custom Chassis Corporation (FCCC) Hybrid MT55 Delivery Vehicle with Eaton Hybrid System and 2010 MY 6.7L Cummins Engine – Engine Family ISB ACEXH0408BAH	20,500 - 26,000	\$20,000
2012	Freightliner Hybrid M2 Tractor with Eaton Hybrid System and 2010 MY Cummins 6.7L Engine – Engine Family ISB ACEXH0408BAH	26,001-33,000	\$20,000
2011	FCCC MT45 Delivery Vehicle with Eaton Hybrid System and Cummins ISB10 2010 MY Engine, Engine Family	14,500-19,500	\$15,000
2012	Freightliner Hybrid M2 Tractor with Eaton Hybrid System and 2010 MY Cummins 6.7L Engine – Engine Family ISB ACEXH0408BAH	33,001-38,000	\$25,000
2012	Freightliner Hybrid M2 Delivery Vehicle with Eaton Hybrid System and 2010 MY Cummins 6.7L Engine – Engine Family ISB ACEXH0408BAH	19,501-33,000	\$20,000
2012	Freightliner Hybrid M2 Utility Vehicle with Eaton Hybrid System and 2010 MY Cummins 6.7L Engine – Engine Family ISB ACEXH0408BAH	19,501-33,000	\$20,000
2012	Freightliner Custom Chassis Corporation (FCCC) Hybrid MT55 Delivery Vehicle with Eaton Hybrid System and 2010 MY 6.7L Cummins Engine – Engine Family ISB ACEXH0408BAH	20,500 - 26,000	\$20,000
2012	Freightliner Hybrid M2 Tractor with Eaton Hybrid System and 2011 MY Cummins 6.7L Engine – Engine Family ISB ACEXH0408BAH	33,001-38,000	\$25,000
2012	Freightliner Hybrid M2 Delivery Vehicle with Eaton Hybrid System and 2011 MY Cummins 6.7L Engine – Engine Family ISB ACEXH0408BAH	19,501-33,000	\$20,000
2012	Freightliner Hybrid M2 Utility Vehicle with Eaton Hybrid System and 2011 MY Cummins 6.7L Engine – Engine Family ISB ACEXH0408BAH	19,501-33,000	\$20,000
2012	Freightliner Hybrid M2 Tractor with Eaton Hybrid System and 2011 MY Cummins 6.7L Engine – Engine Family ISB ACEXH0408BAH	26,001-33,000	\$20,000

Kenworth			
Vehicle Model Year	Vehicle Description	Gross Vehicle Weight	HVIP Voucher Amount
2011	Kenworth Model T270 Hybrid Package Delivery Vehicle with Eaton Hybrid System and 2010 MY PX6 Engine - Engine Family ISB ACEXH0408BAH	19,501 - 26,000	\$20,000
2011	Kenworth Model T270 Hybrid Utility Vehicle with Eaton Hybrid System and 2010 MY PX6 Engine - Engine Family ISB ACEXH0408BAH	19,501 - 26,000	\$20,000
2011	Kenworth Model T370 Hybrid Package Delivery Vehicle with Eaton Hybrid System and 2010 MY PX6 Engine - Engine Family ISB ACEXH0408BAH	26,001-33,000	\$20,000
2011	Kenworth Model T370 Hybrid Utility Vehicle with Eaton Hybrid System and 2010 MY PX6 Engine - Engine Family ISB ACEXH0408BAH	26,001-33,000	\$20,000
2011	Kenworth Model T370 Hybrid Tractor with Eaton Hybrid System and 2010 MY PX6 Engine - Engine Family ISB ACEXH0408BAH	26,001-33,000	\$20,000
2011	Kenworth Model T370 Tractor with Eaton Hybrid System and 2010 MY PX6 Engine - Engine Family ISB ACEXH0408BAH	33,001-38,000	\$25,000
2012	Kenworth Model T270 Hybrid Package Delivery Vehicle with Eaton Hybrid System and 2011 MY PX6 Engine - Engine Family ISB ACEXH0408BAH	19,501 - 26,000	\$20,000
2012	Kenworth Model T270 Hybrid Utility Vehicle with Eaton Hybrid System and 2011 MY PX6 Engine - Engine Family ISB ACEXH0408BAH	19,501 - 26,000	\$20,000
2012	Kenworth Model T370 Hybrid Package Delivery Vehicle with Eaton Hybrid System and 2011 MY PX6 Engine - Engine Family ISB ACEXH0408BAH	26,001-33,000	\$20,000
2012	Kenworth Model T370 Hybrid Utility Vehicle with Eaton Hybrid System and 2011 MY PX6 Engine - Engine Family ISB ACEXH0408BAH	26,001-33,000	\$20,000
2012	Kenworth Model T370 Hybrid Tractor with Eaton Hybrid System and 2011 MY PX6 Engine - Engine Family ISB ACEXH0408BAH	26,001-33,000	\$20,000
2012	Kenworth Model T370 Tractor with Eaton Hybrid System and 2011 MY PX6 Engine - Engine Family ISB ACEXH0408BAH	33,001-38,000	\$25,000

Navistar, Inc

Vehicle Model Year	Vehicle Description	Gross Vehicle Weight	HVIP Voucher Amount
2011	Navistar International DuraStar Box Truck with Eaton Hybrid System & 2010 MY Engine – Engine Family ANVXHO4660GA	19,501 – 33,000	\$20,000
2011	Navistar IC Commercial Bus with Charge Sustaining Eaton Hybrid System & 2010 MY Engine – Engine Family ANVXHO4660GA	19,501 – 33,000	\$20,000
2011	Navistar IC School Bus with Charge Sustaining Eaton Hybrid System & 2010 MY Engine – Engine Family ANVXHO4660GA	19,501 – 33,000	\$20,000
2011	Navistar IC Shuttle Bus with Charge Sustaining Eaton Hybrid System & 2010 MY Engine – Engine Family ANVXHO4660GA	19,501 – 33,000	\$20,000
2011	Navistar International DuraStar Hybrid Utility Truck with Eaton Hybrid System & 2010 MY Engine – Engine Family ANVXHO4660GA	26,001 – 33,000	\$20,000
2011	Navistar International DuraStar Hybrid Tractor with Eaton Hybrid System & 2010 MY Engine – Engine Family ANVXHO4660GA	26,001 – 33,000	\$20,000
2011	Navistar International DuraStar Hybrid Tractor with Eaton Hybrid System & 2010 MY Engine – Engine Family ANVXHO4660GA	33,001 – 35,000	\$25,000
2012	Navistar International DuraStar Box Truck with Eaton Hybrid System & 2010 MY Engine – Engine Family ANVXHO4660GA	19,501 – 33,000	\$20,000
2012	Navistar International DuraStar Tractor with Eaton Hybrid System & 2010 MY Engine – Engine Family ANVXHO4660GA	19,501 – 33,000	\$20,000
2012	Navistar IC Commercial Bus with Charge Sustaining Eaton Hybrid System & 2010 MY Engine – Engine Family ANVXHO4660GA	19,501 – 33,000	\$20,000
2012	Navistar IC School Bus with Charge Sustaining Eaton Hybrid System & 2010 MY Engine – Engine Family ANVXHO4660GA	19,501 – 33,000	\$20,000
2012	Navistar IC Shuttle Bus with Charge Sustaining Eaton Hybrid System & 2010 MY Engine – Engine Family ANVXHO4660GA	19,501 – 33,000	\$20,000
2012	Navistar International DuraStar Tractor with Eaton Hybrid System & 2010 MY Engine – Engine Family ANVXHO4660GA	33,001 – 35,000	\$25,000

Peterbilt			
Vehicle Model Year	Vehicle Description	Gross Vehicle Weight	HVIP Voucher Amount
2011	Peterbilt Model 330 Hybrid Package Delivery Vehicle with Eaton Hybrid System and 2010 MY PX6 Engine - Engine Family ISB ACEXH0408BAH	19,501 - 26,000	\$20,000
2011	Peterbilt Model 330 Hybrid Utility Vehicle with Eaton Hybrid System and 2010 MY PX6 Engine-Engine Family ISB ACEXH0408BAH	19,501 - 26,000	\$20,000
2011	Peterbilt Model 337 Hybrid Tractor with Eaton Hybrid System and 2010 MY PX6 Engine - Engine Family ISB ACEXH0408BAH	26,001- 33,000	\$20,000
2011	Peterbilt Model 337 Hybrid Package Delivery Vehicle with Eaton Hybrid System and 2010 MY PX6 Engine - Engine Family ISB ACEXH0408BAH	26,001- 33,000	\$20,000
2011	Peterbilt Model 337 Hybrid Tractor with Eaton Hybrid System and 2010 MY PX6 Engine - Engine Family ISB ACEXH0408BAH	33,001- 38,000	\$25,000
2011	Peterbilt Model 337 Hybrid Utility Vehicle with Eaton Hybrid System and 2010 MY PX6 Engine - Engine Family ISB ACEXH0408BAH	26,001- 33,000	\$20,000
2011	Peterbilt Model 348 Hybrid Tractor with Eaton Hybrid System and 2010 MY PX6 Engine - Engine Family ISB ACEXH0408BAH	26,001- 33,000	\$20,000
2011	Peterbilt Model 348 Hybrid Tractor with Eaton Hybrid System and 2010 MY PX6 Engine - Engine Family ISB ACEXH0408BAH	33,001- 38,000	\$25,000
2011	Peterbilt Model 348 Hybrid Utility Vehicle with Eaton Hybrid System and 2010 MY PX6 Engine - Engine Family ISB ACEXH0408BAH	26,001- 33,000	\$20,000
2012	Peterbilt Model 330 Hybrid Package Delivery Vehicle with Eaton Hybrid System and 2011 MY PX6 Engine - Engine Family ISB ACEXH0408BAH	19,501 - 26,000	\$20,000
2012	Peterbilt Model 330 Hybrid Utility Vehicle with Eaton Hybrid System and 2010 MY PX6 Engine - Engine Family ISB ACEXH0408BAH	19,501 - 26,000	\$20,000
2012	Peterbilt Model 337 Hybrid Tractor with Eaton Hybrid System and 2011 MY PX6 Engine - Engine Family ISB ACEXH0408BAH	26,001- 33,000	\$20,000
2012	Peterbilt Model 337 Hybrid Package Delivery Vehicle with Eaton Hybrid System and 2011 MY PX6 Engine - Engine Family ISB ACEXH0408BAH	26,001- 33,000	\$20,000
2012	Peterbilt Model 337 Hybrid Tractor with Eaton Hybrid System and 2011 MY PX6 Engine - Engine Family ISB ACEXH0408BAH	33,001- 38,000	\$25,000
2012	Peterbilt Model 337 Hybrid Utility Vehicle with Eaton Hybrid System and 2011 MY PX6 Engine - Engine Family ISB ACEXH0408BAH	26,001- 33,000	\$20,000
2012	Peterbilt Model 348 Hybrid Tractor with Eaton Hybrid System and 2011 MY PX6 Engine - Engine Family ISB ACEXH0408BAH	26,001- 33,000	\$20,000
2012	Peterbilt Model 348 Hybrid Tractor with Eaton Hybrid System and 2011 MY PX6 Engine - Engine Family ISB ACEXH0408BAH	33,001- 38,000	\$25,000
2012	Peterbilt Model 348 Hybrid Utility Vehicle with Eaton Hybrid System and 2011 MY PX6 Engine - Engine Family ISB ACEXH0408BAH	26,001- 33,000	\$20,000

2011-12 HVIP Solicitation

APPENDIX B

Thomas Built

Vehicle Model Year	Vehicle Description	Gross Vehicle Weight	HVIP Voucher Amount
2012	Saf-T-Liner C2E Hybrid School Bus equipped with Eaton Hybrid System and Cummins ISB 6.7L engine	19,501 - 26,001	\$30,000
2012	Saf-T-Liner C2E Hybrid School Bus equipped with Eaton Hybrid System and 2011 MY Cummins ISB 6.7L engine	26,001 – 33,000	\$30,000

ELIGIBLE ZERO-EMISSION COMMERCIAL VEHICLES

Vehicle Model Year	Vehicle Description	Gross Vehicle Weight	HVIP Voucher Amount
2011	Azure Dynamics: Transit Connect Electric Van	5,001 – 6,000	\$12,000
2012	Azure Dynamics: Transit Connect Electric Van	5,001 – 6,000	\$12,000
2011	Boulder Electric Vehicle: Zero-Emission Medium-Duty Delivery Van; ARB Executive Order A-391-0001	10,001 – 14,000	\$20,000
2011	Boulder Electric Vehicle: Zero-Emission Flat-Bed Vehicle; ARB Executive Order A-391-0001	10,001 – 14,000	\$20,000
2011	Boulder Electric Vehicle: Zero-Emission Service-Side Vehicle; ARB Executive Order A-391-0001	10,001 – 14,000	\$20,000
2011	Boulder Electric Vehicle: Zero-Emission Parks and Rec Shuttle ARB Executive Order A-391-0001	10,001 – 14,000	\$20,000
2010	EVI MD-60 EVI MD-80 EVI MD-115	14,001 – 21,000	\$20,000
2010	EVI WI-60 EVI WI-80 EVI WI-115	14,001 – 21,000	\$20,000
2010	Navistar 2010 eStar 300 series	10,001 – 14,000	\$20,000
2011	Navistar 2011 eStar 300 series	10,001 – 14,000	\$20,000
2010	Smith Electric Newton 1 Smith Electric Newton 2 Smith Electric Newton 3 Smith Electric Newton 4 Smith Electric Newton 5 Smith Electric Newton 6 Smith Electric Newton 7 Smith Electric Newton 8 Smith Electric Newton 9	14,001 – 33,000	\$20,000

APPENDIX B-1: HYBRID VEHICLE ELIGIBILITY APPLICATION

This is an application for hybrid vehicle manufacturers to have a hybrid vehicle make/model listed as eligible for the HVIP. This application must be completed and submitted to ARB, and the vehicle must receive approval prior to the vehicle being eligible for a voucher.

The hybrid vehicles identified in Appendix A of this Implementation Manual were eligible for the FY 2010-11 HVIP and are automatically eligible for the FY 2011-12 HVIP. Other hybrid vehicle make/models must fall into one of the following five categories to apply for HVIP-eligibility. This application is for (check box below that applies):

- A hybrid vehicle which is a physically equivalent version of an existing ARB-certified or HVIP-eligible vehicle (and may have a newer engine and/or vehicle model year). This hybrid vehicle utilizes the same make/model engine, hybrid system, emission control strategies, and other key components as the existing ARB-certified or HVIP-eligible vehicle. (Complete Parts I, II and V only)
- A hybrid vehicle of greater than 14,000 lbs gross vehicle weight rating (GVWR) which is certified by the California Air Resources Board (ARB). (Complete Parts I, II and V only)
- A hybrid vehicle between 8,501 and 14,000 lbs GVWR which are ARB-certified to be sold in California. (Complete Parts I, II, and V only)
- A hybrid vehicle over 14,000 lbs GVWR that is identified by the Internal Revenue Service (IRS) as eligible for a federal tax credit pursuant to the Energy Policy Act of 2005 (or its most current iteration). For the purposes of the IRS list, a vehicle may be considered a carry-over with respect to a vehicle produced in an earlier model year if the vehicles are of the same make and model and the design of the vehicle, engine, and hybrid system have not substantially changed since such earlier model year. (Complete all parts of this application)
- A hybrid vehicle over 14,000 lbs GVWR not listed by the IRS list as eligible for a federal tax credit pursuant to the Energy Policy Act of 2005 (or its most current iteration) but which meets all requirements for this federal tax credit. (Complete all parts of this application)

This application must be completed by the original vehicle manufacturer or its legal representative. An application must be submitted for each combination of vehicle engine and model years (i.e. a 2011 MY vehicle with a 2010 MY engine and one with a 2011 MY engine require separate applications) and for each distinct GVW range identified in Table 2 of the Implementation Manual (i.e. separate applications are required for a 14,001 to 19,400 lbs GVWR vehicle and a 19,501 to 26,000 lbs GVWR vehicle). ARB reserves the right to request additional information or clarification of responses provided in this application. ARB may require additional information from the vehicle manufacturer or Final Stage Vehicle Manufacturer before listing a vehicle as eligible for funding.

Part I: Original Manufacturer Information

1. Company Name/Organization Name/Individual Name:		
2. Contact Name and Title:		
3. Business Mailing Address and Contact Information		
Street:		
City:	State:	Zip Code:
Phone: ()	E-mail:	

Part II: Vehicle Description

Please identify the hybrid vehicle and its baseline (non-hybrid) equivalent in Tables B-1 and B-2, respectively. These vehicles must be of the same make, model, drive configuration (4 x 2 or 4 x 4), frontal area, and gross vehicle weight and use the same ARB-certified engine.

Table B-1: Hybrid Vehicle Information

Vehicle MY	Hybrid Vehicle Description (vehicle type, vehicle model, engine model and MY, hybrid system)	Gross Vehicle Weight Range

Table B-2: Baseline Vehicle Information

Vehicle MY	Equivalent Non-Hybrid Vehicle Description (vehicle type, vehicle model, and engine model and MY)	Gross Vehicle Weight Range

What is the typical California pre-tax cost of the hybrid vehicle (identified in Table B-1) with normal dealer profit?

\$ _____

What is the typical California pre-tax cost of this equivalent baseline vehicle (identified in Table B-2) with normal dealer profit?

\$ _____

Part III: Self-Certification of Hybrid Vehicle and Engine Parameters

Please check the box next to each statement if the statement is correct. Do not check the box if the statement is not correct.

- This vehicle utilizes an ARB-certified engine.

Engine Model Year: _____ Engine Family: _____
ARB Executive Order Number: _____

Engine type (check one):
 Light-heavy duty diesel engine
 Medium-heavy duty diesel engine
 Heavy-heavy duty diesel engine
 Other (please describe): _____

- The vehicle draws propulsion energy from both of the following on-vehicle sources of stored energy: 1) consumable fuel, and 2) a rechargeable energy storage system.
- The maximum power available from the rechargeable energy storage system during a standard 10 second pulse power or equivalent test is at least 15 percent of the vehicle's total traction power.
- The hybrid vehicle's City Fuel Economy, determined in accordance with the requirements of Internal Revenue Bulletin 2007-23 (www.irs.gov/irb/2007-23_IRB/ar08.html), is at least thirty percent greater than that of the equivalent non-hybrid make/model vehicle as identified in Table B-2.
- The vehicle complies with applicable air quality provisions of California and federal law.
- The vehicle complies with motor vehicle safety provisions of 49 USC Sections 30101 through 30169.
- The vehicle meets the original engine manufacturer's build requirements.
- No modifications have been made to the engine hardware or after-treatment device(s).
- No modifications have been made to the engine's original software calibrations.
- The hybrid vehicle operation does not change the engine's certified regeneration cycles/events for emission control devices such as filters.
- The emission control sensors or signals to or from the engine control module haven't been modified.

- There is at least one service provider for the hybrid vehicle in California. Please provide name and city of primary service provider:

- This vehicle’s electric drive or software calibrations shall be installed or modified at a Truck Equipment or Final Stage Manufacturer (TEM). If answer is “yes”, please indicate:

Truck Equipment Manufacturer Name:			
Contact Name and Title:			
Street Address:		State:	Zip Code:
Phone: ()		E-mail:	

Part IV: Application Attachments to be Provided by Original Vehicle Manufacturer

- If any of the eight statements in Part III are not true and correct (i.e. if any of the boxes above are not checked), please attach a narrative explaining why.
- For hybrid vehicles over 14,000 GVWR, provide an exhaust temperature profile as described in Part IVa (below). Only vehicles for which the hybrid platform, engine, and aftertreatment system continue to function as required will be approved.
- For plug-in hybrid vehicles only, provide proof of compliance with minimum ten mile EAER requirements identified in Section 2.3 of the HVIP Implementation Manual.
- Briefly describe what information is provided to hybrid vehicle dealers/purchasers regarding proper disposal of the hybrid vehicle battery and how this information is conveyed.

Part IVa: Minimum Requirements for Exhaust Temperature Profile Submitted with the Vehicle Eligibility Application for Original Hybrid Vehicle Manufacturers

Vehicle manufacturers must provide ARB with exhaust temperature profiles for the hybrid vehicle and its non-hybrid (baseline) counterpart identified in Tables B-1 and B-2 of this application. This information is needed to ensure the hybrid system is compatible with continued effective functioning of the vehicle exhaust aftertreatment system. The hybrid and baseline vehicles must be of the same make, model, drive configuration (4 x 2 or 4 x 4), frontal area, and gross vehicle weight and use the same ARB-certified engine. The gross vehicle weight of the vehicle profiled must be within ten percent of the middle of the GVWR range as identified on the HVIP application. For example, an HVIP application for a vehicle between 14,001 to 19,500 GVWR would include a temperature profile for the vehicle while operating at 15,075 to 18,425 gross vehicle weight.

Both the hybrid and corresponding non-hybrid vehicle must be tested concurrently, with one vehicle following the other over the course of the selected test/driving cycle. The temperature profile must be collected as the vehicle operates under typical real world conditions for a minimum of one hour and must include at least one cold start. The

vehicle should not operate at excessive speed or engine load unless typical of the vehicle's intended vocation, and should include at least twenty minutes of uninterrupted idle mode if the vehicle is equipped with power take-off (PTO). The applicant must provide a narrative describing and justifying the vehicle routine/route, load factor, and operating conditions used. A single temperature profile may be provided for multiple hybrid vehicle types with prior written ARB approval if the vehicles use the same chassis and power train configuration and typically operate similar drive cycles. ARB reserves the right to reject an application if the temperature profile parameters are not reasonable for the intended vehicle vocation.

The following data is to be collected at least every five seconds: exhaust temperature, engine speed, rpm, vehicle speed, throttle position or engine load, and time. The temperature monitors shall be placed at a distance of no greater than 6" ahead of the first catalytic aftertreatment device (diesel oxidation catalyst, diesel particulate filter (DPF) or selective catalytic reduction (SCR) doser) and at a point not more than 6" after the last aftertreatment device (diesel oxidation catalyst, DPF or SCR slip catalyst). Ambient temperature shall be provided for the beginning and end of the test and must not fall below 40° degrees or exceed 100° degrees Fahrenheit. The vehicle temperature profiles must be provided in graphic form (cumulative distribution and histogram), with data in tabular format provided to ARB upon request. Data collection and validation methods should be consistent with Society of Automotive Engineers standards.

An ARB-approved temperature profile for a vehicle using a 2010 MY engine can be used for ARB approval of subsequent MY vehicles equipped with a 2010+ MY engine.

Deviation from the temperature profile requirements described in this document may only be made with prior written approval from Mr. Joe Calavita, ARB's HVIP Project Liaison (by e-mail at jcalavit@arb.ca.gov). Questions regarding these requirements may also be directed to Mr. Calavita by telephone at (916)445-4586.

Part V: Applicant Signature

I hereby certify by penalty of perjury that all information provided in this application and any attachments are true and correct. Submission of false information on this form is punishable under penalty of perjury under the laws of the State of California.

Printed Name of Responsible Party:	Title:
Signature of Responsible Party:	Date:

APPENDIX B-2: ZERO-EMISSION VEHICLE ELIGIBILITY APPLICATION

This is an application for zero-emission commercial vehicles to be included on the list of vehicles eligible for the HVIP. This application must be completed, submitted to ARB, and vehicle must receive approval prior to the vehicle being eligible for a rebate.

ARB reserves the right to request additional information or clarification of information provided in this application. This application applies to and must be completed by the original vehicle manufacturer or its legal representative.

Part I: Vehicle Manufacturer Information

1. Manufacturer Name:		
2. Staff Contact Name and Title:		
3. Business Mailing Address and Contact Information		
Street:		
City:	State:	Zip Code:
Phone: ()	E-mail:	

Please identify the zero-emission vehicle and its baseline (gasoline or diesel-powered) equivalent in Tables B-3 and B-4, respectively. These vehicles must be of the same make, model, drive configuration (4 x 2 or 4 x 4), frontal area, and gross vehicle weight.

Table B-3: Zero-Emission Vehicle Information

Vehicle MY	Vehicle Make and Model	Gross Vehicle Weight Range

Table B-4: Baseline Vehicle Information

Vehicle MY	Vehicle Make and Model	Gross Vehicle Weight Range

What is the typical California pre-tax cost of the zero-emission vehicle (identified in Table B-3) with normal dealer profit? \$_____

What is the typical California pre-tax cost of this equivalent baseline vehicle (identified in Table B-4) with normal dealer profit \$_____

Part II: Verification of Vehicle Eligibility

A. For vehicle models not currently on the list of eligible vehicles:

Please provide the following information as attachments to this form for each vehicle model listed in Table B-1. ARB reserves the right to request additional information to complete the vehicle eligibility evaluation.

- ARB Executive Order(s) for zero emission commercial vehicles between 5,001 and to 14,000 lbs GVWR
- ARB approval letter for commercial ZEVs greater than 14,000 lbs GVWR
- Warranty provisions
- After sales service provisions
- MSRP price sheets
- Proof of compliance with minimum ten mile EAER requirements identified in Section 2.3 of the HVIP Implementation Manual
- Briefly describe information provided to vehicle dealers/purchasers regarding proper disposal of both the propulsion and auxiliary vehicle battery and how this information is conveyed.

B. For vehicle models currently on the list of eligible vehicles (addition of new model years):

Please check box below if the following statement is true.

- I certify that the vehicle(s) listed in Table 1 have not been modified from the vehicle(s) that were previously approved by ARB for inclusion on the List of Eligible Vehicles including warranty and after sales service provisions.

Please provide the following information for each vehicle model listed in Table 1.

- MSRP price sheets
- ARB Executive Order(s) for vehicles between 5,001 and 14,000 lbs. GVWR.
- ARB Approval letter(s) for vehicles greater than 14,000 pounds GVWR

I hereby certify that all information provided in this application and any attachments are true and correct. Submission of false information on this form is punishable under penalty of perjury under the laws of the State of California.

Printed Name of Responsible Party:	Title:
Signature of Responsible Party:	Date:

Public Charter Schools: The intent of this advisory is to clarify that other public entities that provide public, K-12, student home-to-school transportation are also eligible to receive funding for the replacement of older school buses provided the buses to be replaced meet the requirements of the Lower-Emission School Bus Program. One such entity is public charter schools.

County Offices of Education acting as a public school district: County Offices of Education are not public school districts. However, there are circumstances where a County Office of Education acts as a public school district such as taking over and operating a 'failing' public school or operating a public school for any other reason. In these cases, County Offices of Education are eligible to receive funding for the replacement of older school buses provided the buses to be replaced meet the requirements of the Lower-Emission School Bus Program.

Ineligible Applicants

School Transportation Contractors: School transportation contractors are not eligible to apply for school bus replacement funds. This includes County Offices of Education under contract to provide public, K-12, student home-to-school transportation.

Non-Profit Agencies, Private Schools, and Private Companies: Also, school bus purchases by non-profit agencies, private schools, and other private companies are not eligible for State program funding.

If you have questions regarding the Lower-Emission School Bus Program Advisory 08-006 Eligible Applicants for New Replacement School Buses, please contact Ms. Lisa Jennings, Air Pollution Specialist, at (916) 322-6913 or ljennin@arb.ca.gov.

Sincerely,

/s/

Robert H. Cross, Chief
Mobile Source Control Division

cc: Ms. Lisa Jennings
Air Pollution Specialist
Planning and Regulatory Development Section