

## CHAPTER 2: GENERAL CRITERIA

The criteria listed below apply to all Carl Moyer Memorial Air Quality Standards Attainment Program (Moyer Program) projects. In addition to the criteria below, Moyer Program projects must also meet the additional project criteria found in the applicable source category chapter and the Program Administration Chapter. In cases where there is a conflict between the Guidelines and statute, the Moyer Program statutory provisions take precedence over the Guidelines. In cases where the source category requirements conflict with either the criteria listed below or Program Administration requirements, the source category requirements take precedence.

- A.** Covered emission reductions obtained through Moyer Program projects must not be required by any federal, State or local rule or regulation, memorandum of agreement, memorandum of understanding, settlement agreement, mitigation requirement, or other legal mandate.
- B.** If a Moyer Program project contract has not been fully executed prior to the approval date of an air quality management district or air pollution control district (air district) governing board or Air Resources Board (ARB) rule or regulation (or the promulgation date of a federal regulation) the air district must consider the rule or regulation when evaluating a project's eligibility. If a Moyer Program project contract has been fully executed prior to that date, the air district does not need to consider the rule in evaluating whether the project's emission reductions are surplus.
- C.** An air district must consider all applicable rules or regulations when determining eligibility for a project. If an existing contract is amended to increase the total Moyer Program funding of the project, then the air district must reevaluate eligibility and consider all applicable rules or regulations. If the total dollars do not increase, then the air district does not need to reevaluate eligibility.
- D.** A grant applicant subject to an in-use regulation may be eligible to receive funding through the Moyer Program if the applicant has met all compliance requirements of applicable regulations. Documentation of regulatory compliance must be provided by applicants to air districts prior to funding.
- E.** Participating air districts retain the authority to impose additional more stringent requirements in order to address local concerns.
- F.** No project funded by the Moyer Program may be used for credit under any federal or State emission averaging, banking or trading program throughout the contract term. No covered emission reductions generated by the Moyer Program may be used as marketable emission reduction credits, or to offset any emission reduction obligation of any person or entity throughout the contract term (Health and Safety Code (H&SC) § 44281(b)).

- G.** The new engine, vehicle, or equipment must remain in service for the entire contract term, which must extend to the end of the project life. Throughout the contract term, the emission reductions funded by the Moyer Program must not be used to generate credits or compliance extensions and must be excluded when determining regulatory compliance (H&SC § 44281(b)).
- H.** The State Board and the air districts shall take all appropriate and necessary actions to ensure that all covered emission reductions achieved from a Moyer Program project are creditable in the State Implementation Plans (SIP) and are enforceable, surplus, quantifiable and permanent (H&SC § 44286(g)).
- I.** When Moyer funds are used for co-funded projects, the Moyer Program will account for all covered emission reductions for SIP purposes (H&SC § 44287.2(a)(4)).
- J.** ARB will provide protocols for calculating surplus covered emission reductions over the life of representative project types (H&SC § 44283(c)).
- K.** Engines operating under flexibility provided by an enforcement discretion advisory, mail-out or other advisory issued by ARB, an air district, or the United States Environmental Protection Agency (U.S. EPA) are not eligible for funding.
- L.** Projects funded by the Moyer Program must be included when determining the size of the fleet for regulatory compliance.
- M.** Projects selected for funding must meet cost-effectiveness limits per weighted ton of oxides of nitrogen (NO<sub>x</sub>), reactive organic gases, and particulate matter reduced, as calculated in accordance with Appendix C, except in the case of infrastructure projects.
- N.** Moyer funds, all local air district AB 923 funds, and match funds must be included in the project cost-effectiveness calculation and are subject to cost-effectiveness limits (H&SC § 44283(d)). Funds from sources other than those listed here are not required to be included in the project cost-effectiveness calculation (H&SC § 44287.2(a)).
- O.** Applicants must report to air districts all private or public financial incentives applied for or used to co-fund Moyer projects (H&SC § 44283(g)). The air district must ensure that the sum of the other incentive funds and the Moyer funds does not exceed the total project cost (H&SC § 44287.2(b)). Appendix C contains an example of the calculation methodology.
- P.** Projects co-funded with Moyer and other public funds must meet all requirements of the contributing programs. Grantees from non-public entities must provide at least 15 percent of the Moyer eligible cost from non-public sources.

- Q.** Moyer Program grants can be no greater than a project's incremental cost. Incremental cost is defined in Appendix B, and some source category chapters provide additional guidance.
- R.** Moyer Program funds cannot be used to pay for energy or fuel costs. However, local funds under an air district's budget authority or fiduciary control (i.e., match or other local funds ) may be used to fund energy or fuel costs other than standard gasoline or diesel fuel, when those costs are integral to a project receiving grant funding under the Moyer Program (H&SC § 44283(f)).
- S.** Projects must have at least 75 percent of their total activity for the project life in California, unless otherwise stated in the source category chapters. Activity outside of California is excluded from the covered emission reductions used to determine grant funding and SIP emissions benefits.
- T.** Project engines and retrofits must use only the fuel allowed by the engine certification or retrofit device verification during the project life. Fuel additives are prohibited unless specifically allowed in the engine certification or retrofit device verification.
- U.** Emission reduction technologies must be certified or verified by ARB. If an ARB certification or verification process does not exist or if engines or retrofits are preempted from ARB certification/verification, then an engine or retrofit must be certified/verified to Federal standards as applicable. For the purposes of the Moyer Program, a technology granted a conditional certification/verification by ARB is considered certified/verified. An ARB certification process may not exist for some zero-emission technologies. See the relevant source category chapter for specific requirements for zero-emission technologies.
- V.** In circumstances where an eligible vehicle or piece of equipment has more than one engine, the air district may choose to base the cost-effectiveness calculation on overall vehicle/equipment emission reductions rather than on a per engine basis. The project must meet the current project cost-effectiveness limit.
- W.** Prior to destruction, an engine that is required to be dismantled may be used as a test engine for purposes of retrofit or fuel verification. This can occur as long as the engine complies with the requirements of the guidelines, and the old engine must be destroyed before a payment to the grantee is issued for the new engine.
- X.** Funding is not available for projects where a spark-ignition engine (i.e., natural gas, gasoline, etc.) is replaced with a diesel engine.
- Y.** For repower and replacement projects the replacement engine must achieve an annual NOx emissions benefit of at least 15 percent to receive any funding for NOx reductions.

- Z.** For a repower project, the installation of the engine must be completed in a manner that does not void the engine warranty provided by the manufacturer or any remaining warranty provided by the equipment/vehicle manufacturer.
- AA.** No public monies are allowed for the support of any sectarian or denominational school, or any school not under the exclusive control of the officers of the public schools. (Cal. Const. Art. 16 § 5 and Art. 9 § 8).
- BB.** The revised cost-effectiveness limit and capital recovery factors may be used by air districts once the Board adopts the updated Moyer Program Guidelines, but must be used by July 1 following its adoption. ARB will update the cost-effectiveness limit and capital recovery factors annually through a Mail-Out.
- CC.** ARB may approve, on a case-by-case basis, projects that vary from the requirements of these Guidelines or that do not meet all eligibility criteria in the Guidelines. Projects with case-by-case approvals must provide permanent, surplus, quantifiable, enforceable, cost-effective emission reduction benefits in California for the full contract term. Additional information regarding approval of case-by-case projects is found in the Program Administration chapter.