

The Innovative Small E-Fleet (ISEF) Set-Aside: Dealer & Provider Training

July 2023



Agenda

- Background
- Key Changes
- Definitions
- How to Participate
- Provider Eligibility
- Funding Levels
- Lease and Rental Fleets

About ISEF

The California Air Resources Board (CARB), in partnership with CALSTART, is launching ISEF to lower the entry barriers that smaller fleets often face in their transition away from diesel-fueled engines and to explore the integration of flexible financing options.

\$33M

Funding
Available

≤20 trucks

Designed exclusively for small fleets

Class 2b-8

Eligible MHD
vehicles



A Small Fleet-Focused Approach to Incentives

First-come, first-served vouchers for Class 2b-8 zero-emission trucks in the HVIP catalog.
Purchasers can receive vouchers for a maximum of five vehicles.

Providers, in addition to dealers, learn the voucher system.
This allows fewer complications for small fleets.

Voucher Applications will open on August 30.
Eligible costs include an increase in individual voucher amounts per vehicle.

Innovative financing options for the end user.
Vehicle-as-a-service, charging stations, insurance, fuel costs, and more.



Funding Year 2021-22 Recap



\$35 million
requested



73 unique fleets
applied



Average fleet
size: 5



69% domiciled
in DAC

Projects Breakdown:

114 - Standard
Purchase

45 – Leases

20 - Truck as a
Service

0 - Rental

Summary of FY 2022-23 IM Updates

- ISEF funding is now available for small fleet purchases through all HVIP eligible dealers without the need for a Provider application. For these vouchers, the base voucher is funded from standard HVIP, and the ISEF voucher increase is funded from the ISEF set-aside.
 - Provider applications will continue to be required for third-party who are not approved HVIP dealers, such as rental companies, Truck-as-a-Service (TAAS), and other innovative financing solutions.
 - ISEF funding will be divided equally between Standard Purchase Vouchers and Innovative Solution Provider Vouchers.

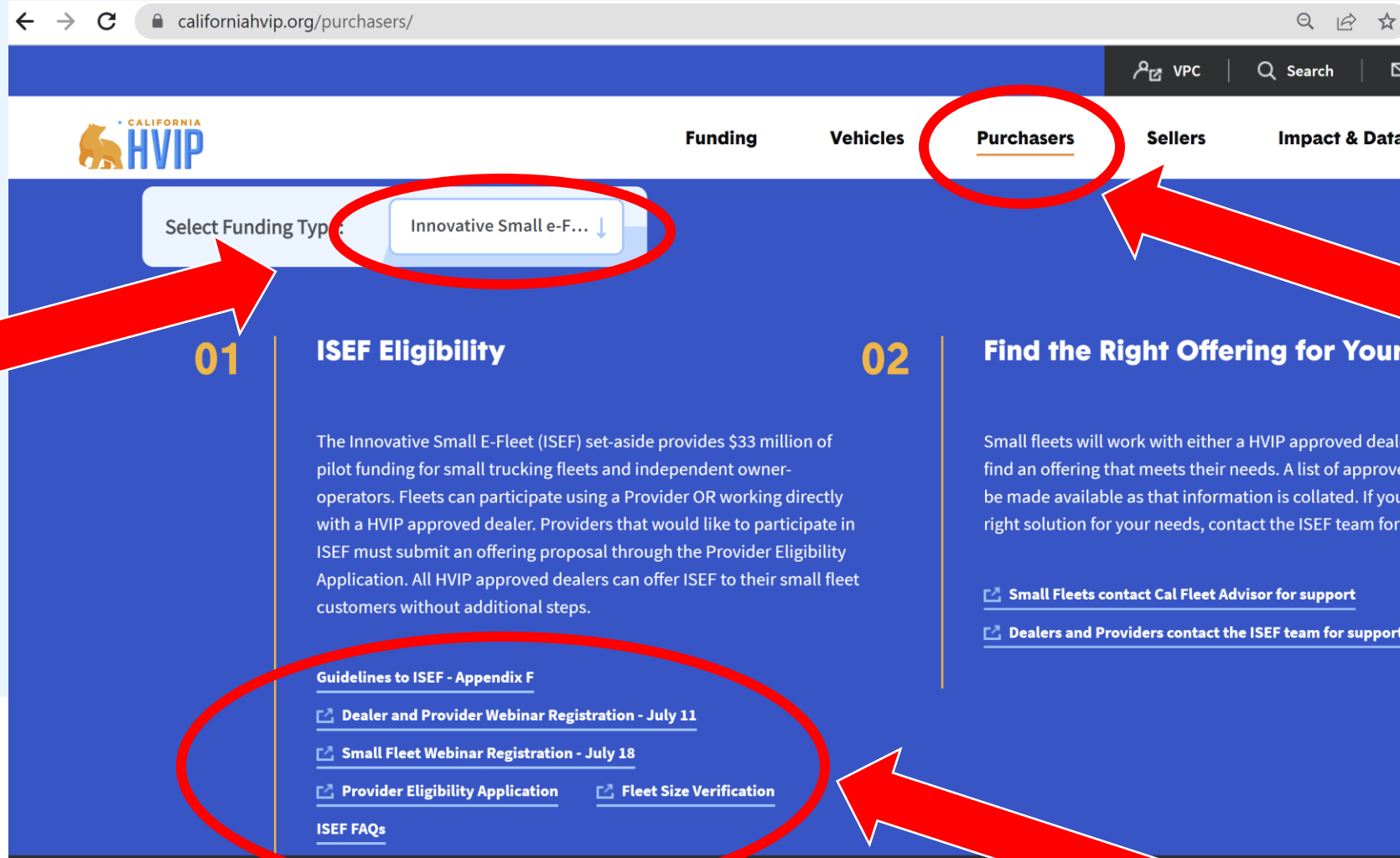


FY 2022-23 IM Updates (continued)

- Class 2b vehicles in the HVIP eligible vehicle catalog are now eligible for ISEF funding.
- The maximum funding available per voucher is now capped at 90 percent of the vehicle purchase price; these funds may be applied to other allowable expenses.
- The voucher request limit for providers has been raised to 20 vouchers.
- No manufacturer may reserve more than 30 percent of ISEF available funds within 30 days of opening.
- A variety of HVIP policy changes will impact ISEF vouchers and can be found online at <https://californiahvip.org/funding/>.
- The HVIP Fleet Size Voucher Adjustment will not be combined with ISEF.
- Fleets of fewer than 10 vehicles are allowed to stack ISEF with other state incentives.
- Requests from fleets with 10 vehicles or fewer are exempt from the existing manufacturer rolling cap limit.



ISEF Information Online: <https://californiahvip.org/purchasers/>



1. Purchaser Page

2. Dropdown Selection

3. Resources



ISEF Definitions

- Eligible Small Fleets:

- California companies with 20 or fewer trucks operating in California and less than \$15 million in annual revenue
- Privately owned trucking companies and non-profits
- Independent owner-operators

ISEF Definitions

- **ISEF Provider:** ISEF providers may include companies involved in the sale, rental, financing, and fueling of zero-emission commercial trucks and are hereafter referred to as "Providers." Providers develop an offering proposal designed to offer small fleets monthly or per-mile costs for zero-emission trucks that are equivalent to comparable combustion vehicle operating costs. The proposal may take the form of a purchase, lease, rental, financing, or other service agreement.

ISEF Definitions

- **HVIP-Approved Dealer:** HVIP-approved dealers include dealers and manufacturers that sell new and conversion medium- or heavy-duty vehicles. In ISEF, HVIP-approved dealers coordinate with a Provider to submit a voucher request on behalf of an eligible small fleet participant. An HVIP-approved dealer may also be a Provider.

Verify Small Fleet Compliance

Many fleets falsely believe they are exempt from these items

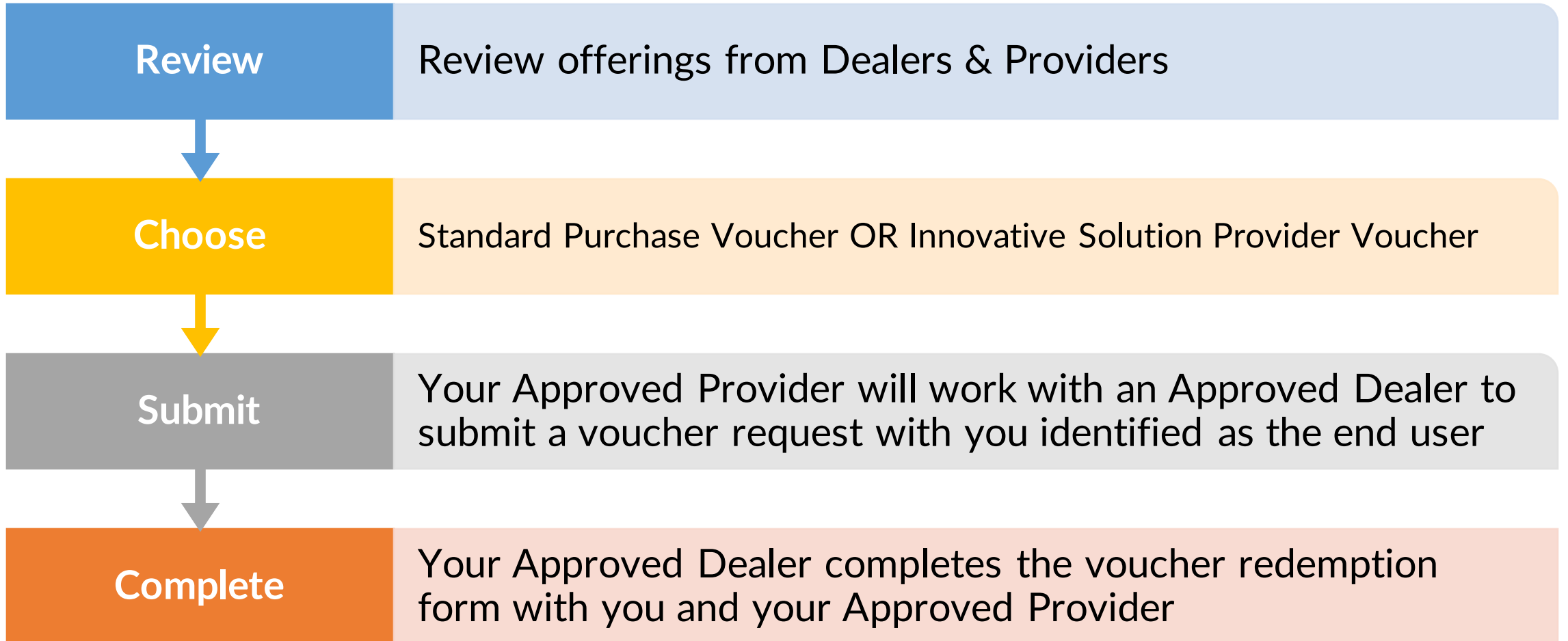
Federal & State DOT, MC & CA #'s

- DOT & fleet size check:
 - <https://safer.fmcsa.dot.gov/CompanySnapshot.aspx>
- Apply for CA MC# here:
 - <https://www.dmv.ca.gov/portal/dmv-virtual-office/motor-carrier-permit-online-renewal/mcp-application/>

CARB Compliance

- TRUCRS Check
 - <https://ww2.arb.ca.gov/applications/truck-and-bus-regulation-check-compliance-status>
- Labor Compliance attestation:
 - <https://www.cazevlaborlawcompliance.org/s/submit-your-attestation>
- Verify revenue is less than <\$15M per year (non-profits excluded)

How Small Fleets Participate



Two Options

Standard Purchase

- Only allows purchases and leases of more than three years
- Funding is applied to vehicles only (up to 90%)
- All HVIP approved dealers can apply on a first-come, first-served basis
- Fleets request Voucher Requests directly through Dealers

VS

Innovative Solution Provider

- Allows for short-term rentals, flexible leases, truck-as-a-service, and is open to other proposals
- Funding for ISEF can cover the vehicle and include chargers, fueling, insurance, maintenance, and other costs. (still capped at 90% of vehicle cost)
- Fleets work with Providers to request Vouchers through Dealers
- Providers must apply for approval and are capped at 20 vouchers per year.

New VPC Option for all HVIP Dealers

* Is domicile address in a disadvantaged community? ⓘ

Yes

Please note that effective Jan. 1, 2023, private fleets with more than 500 vehicles with a GVWR greater than 8,500 lbs under common ownership or control and domiciled in California can only request vouchers for vehicles domiciled in one of the areas indicated above. Requests for vehicles not domiciled in one of these areas will be cancelled.

Note: Dealers, manufacturers and any entities under common ownership or control of such entities are prohibited from being the lessor entity on HVIP voucher requests without advance approval from CARB. Dealers and manufacturers requesting approval to be a lessor must contact voucherprocessing@tetrattech.com prior to each voucher request. Purchasers cannot be lessors. Lessors cannot be purchasers. Any entity that has ever been a purchaser / lessee in HVIP can't be a lessor and any entity that has ever been a lessor in HVIP can't be a purchaser / lessee.

* Vehicle Type / Vocation

Panel/ Step/ Cargo Van

* Is the Purchaser a California Native American Tribal Government? See definition in the Implementation Manual for included categories of entities

Yes

* Please categorize the fleet / organization

Private

* If Private, please identify the total revenue, receipts, and sales reported to the Internal Revenue Service in your most recent filing. ⓘ

\$10-\$15 Million

If Private, is the purchaser entity a 501(c)(3) nonprofit? ⓘ

Yes

* Fleet Size (# of vehicles) ⓘ

19

Fleet size must include all vehicles of GVWR greater than 8,500 lbs under common ownership or control and domiciled in California, including unregistered and inoperable vehicles. Do not include vehicles 8,500 lbs and smaller. Additional verification of fleet size may be required at CARB's sole discretion, including site visits. Yard trucks and other off-road vehicles do not count toward the fleet size.

Please note that a fleet size of zero is not acceptable. If this voucher request represents the first time a customer has requested a voucher, please enter a fleet size of "1". Effective Jan. 1, 2023, a **Bulk Purchase** requirement is in effect for private fleets with more than 500 lbs under common ownership or control and domiciled in California, please enter a fleet size of "1".

For the purposes of HVIP fleet size definitions, "common ownership or control" means being owned or controlled by the same majority stockholders are considered to be under common control even if they have different carrier numbers, displaying the same name or logo, or contractors who represent the same company. Details of when, where, and how work is to be performed or where expenses for operating the vehicles are reported to the purchaser's fleet size, though the contractor's vehicles are counted as part of the hiring fleet. At the time of the written contract agreement with the hiring fleet. Common ownership or control does not include:

- The customer qualifies for Innovative Small E-Fleet (ISEF) which provides 100% additional funding for this voucher if the customer has
 - less or equal 20 trucks,
 - less or equal \$15 Million Revenue,
 - not a Public,
 - not a Bus fleet or Utility Boom Vehicle.

liability company, or association. In addition, vehicles managed day to day by the same directors, officers, or managers, or by corporations owned by different entities but operated by using common or shared resources to manage the day-to-day operations by using the same motor control. Common ownership or control includes relationships where the controlling party has the right to direct or control the vehicle as to the way the purchaser is hired as a contractor by a larger fleet the purchaser does not need to count trucks operated by the hiring fleet as part of the purchaser's fleet size, though the contractor's vehicles are counted as part of the hiring fleet. At the time of the written contract agreement with the hiring fleet. Common ownership or control does not include:

* This customer qualifies for Innovative Small E-Fleet (ISEF), would you like to request 100% additional funding for this voucher? ⓘ

Yes

Save



Provider Eligibility Application

1. Providers will submit a Provider Eligibility Application directly via an online portal found at <https://californiahvip.org/purchasers> . Provider application is open year-round.
2. Information to be listed in the Provider Eligibility Application
 - a) Contact information, project price by class/type of vehicle, comparable combustion vehicle pricing, total projected zero-emission cost on a per-month or per-mile basis, assurances of fueling provisions, and supportive warranty and service agreements.
 - b) As ISEF Providers are approved, their offerings and contact information will be added to <https://californiahvip.org/purchasers> so that fleets can find a provider that best aligns with their operational needs.
3. HVIP Dealers offering Standard Purchases DO NOT need to become a Provider.



FY21-22 Voucher Funding Amounts

- Voucher modifiers for drayage and disadvantaged communities (DACs) are also available
- HVIP's small fleet enhancement & Port of Long Beach/Los Angeles funds are not applied to ISEF vouchers
- Modifiers are applied using the same methodology as in HVIP

Truck Size	Funding
Class 2b	\$15,000
Class 3	\$90,000
Class 4-5	\$120,000
Class 6-7	\$170,000
Class 8	\$240,000

Check out www.californiahvip.org/ for the latest information and updates!

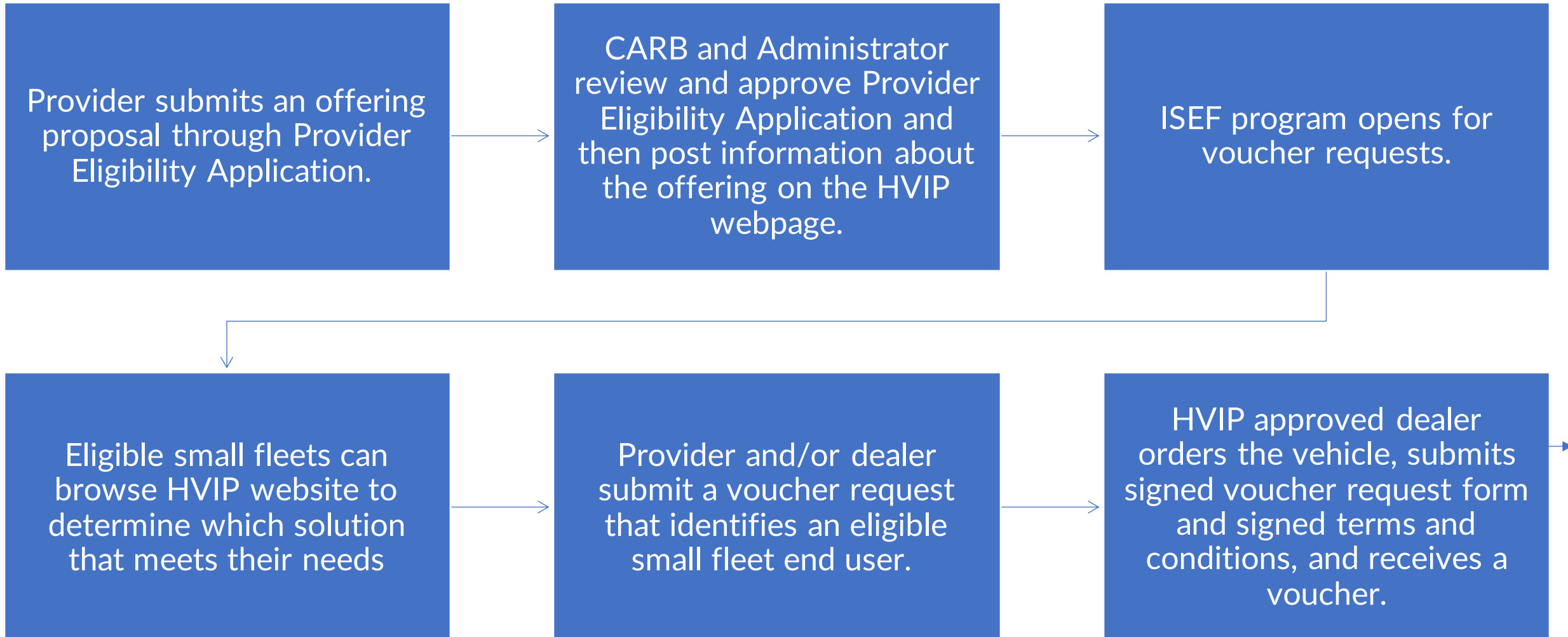


Voucher Modifiers for DACs

- **An Example:** Class 8 truck in ISEF (Class 8, \$120,000 x 2), performing drayage operations (25% x \$120,000), and domiciled in a qualifying DAC (15% x \$120,000) is eligible to receive the maximum voucher amount of \$240,000 plus the sum of its modifiers (\$30,000 + \$18,000), or \$288,000.
- Using the CCI Priority Populations tool: <https://webmaps.arb.ca.gov/PriorityPopulations/>
 - **The DAC voucher enhancements will be applied for any ISEF-eligible small fleet with a domicile address using the mapping tool that fall within:**
 - Disadvantaged Communities
 - Disadvantaged and Low-Income Communities
 - Low-income Communities within ½ mile of Disadvantaged Communities
 - Potential Low-income Households within ½ mile of Disadvantaged Communities



ISEF Process to Participate



Vehicle is built/delivered to
HVIP-approved dealer.

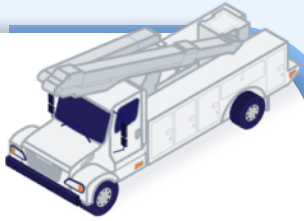
HVIP-approved dealer completes
the voucher redemption form with
the Provider and eligible small
fleet.

HVIP-approved dealer submits
voucher redemption form and is
reimbursed. Funds in excess of the
dealer invoice will be disbursed as
indicated on the voucher request
form.

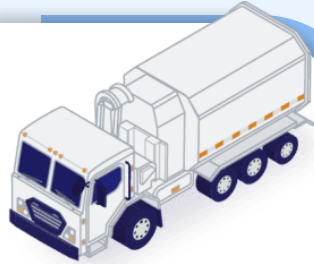
Provider is responsible for
ensuring any additional fleets not
identified on the original purchase
agreement meet all eligibility
requirements and sign terms and
conditions, and that telematics and
reporting are completed.

Small fleet is responsible for
adhering to the terms and
conditions and completing user
surveys.

ISEF Eligible Vehicles



ePTO



Refuse



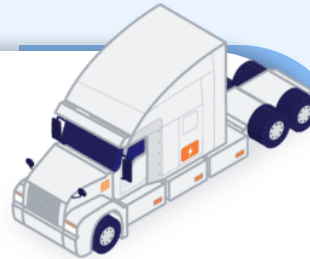
Medium-Duty Bus



Step and Panel Van



Straight Truck



Tractor

Search at
CaliforniaHVIP.org

Voucher Request Process

1. An HVIP-approved dealer completes a voucher request on behalf of the Provider and eligible small fleet
 - a) If the Provider is not an HVIP-approved dealer, they will be listed on the voucher request separately
2. A maximum of five vouchers may be requested per eligible small fleet end user
3. Short-term rental and TAAS providers may request a maximum of 20 vouchers
4. An eligible small fleet end user must be identified in the voucher request
5. Once the HVIP-approved dealer submits the voucher request with all required documentation, it is considered complete and ready for review
 - a) HVIP administrators will work directly with the dealer to advance the voucher through redemption

Prioritization in the Case of Oversubscription

1. No OEM may receive more than 30 percent of total ISEF set-aside voucher funding within the first 30 days after program launch August 30
 - a) CARB will continue to evaluate needs in the funding categories after 30 days and may continue limits if warranted.
2. Providers may request up to 20 voucher per year. Once the funding for a particular Provider has reached its cap, new voucher requests for that Provider will be placed on a contingency list until the cap is lifted.
3. CARB reserves the right to set additional criteria for, modify, or eliminate any contingency lists.

Small Fleet Responsibilities

1. Small Fleets are responsible for:

- a) Providing accurate and timely information to their dealers & providers**
- b) Signing and returning voucher process documents**
- c) Adhering to the terms and conditions**

Lease and Rental Fleets in HVIP & ISEF

Lease and Rental companies ARE allowed to order eligible vehicles for their fleet and request HVIP or ISEF vouchers after a customer is secured. However, there is no guarantee that funding will be available at that time. There is no way to "reserve" vouchers without a fleet customer under contract.

Order truck, pay
in full, take
delivery

Secure
customer, sign
lease/rental
agreement

Submit voucher
request in
HVIP/ISEF VPC

Learn more at:

californiahvip.org

isef@californiahvip.org