



APPENDIX H: HVIP PUBLIC TRANSIT BUS SET-ASIDE

Appendix H to the Fiscal Year 2024-25 Clean Truck and Bus Voucher
Incentive Project (HVIP) Implementation Manual

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The HVIP Public Transit Bus Set-Aside (Transit Set-Aside) is an allocation of funds through the Clean Truck and Bus Voucher Incentive Project (HVIP) which specifically funds transit agencies in California that are subject to the Innovative Clean Transit regulation to purchase zero-emission buses. Zero-emission transit buses have served as a beachhead, helping spur the initial market for zero-emission vehicles and their components.

CARB adopted the Innovative Clean Transit Regulation (ICT) in December 2018. To facilitate the transition to zero-emission bus fleets, the HVIP Transit Set-Aside holds funding for transit agencies subject to the ICT Regulation, that are purchasing eligible transit buses in excess of regulatory targets. **Any transit agency, as defined in title 13, California Code of Regulations, section 2023(b)(51), that is subject to the ICT Regulation (title 13, CCR, sections 2023 and 2023.1–2023.11) must be in compliance with all regulatory and reporting requirements in order to redeem an HVIP voucher.** Only eligible voucher requests will be considered for funding through the Transit Set-Aside.

\$130.5 million have been allocated between the FY21-22 Funding Plan and FY22-23 Funding Plan to the HVIP Transit Set-Aside. Current Transit Set-Aside availability can be found at <https://californiahvip.org/funding/>. If HVIP set-aside funds are not fully subscribed at the end of the funding year, funds will roll over and remain available for new voucher requests in the following year. Funds are anticipated to remain available to voucher requests year-round if the set-aside is not over subscribed. When the Transit Set-Aside funds are fully requested, HVIP will continue to allow Standard HVIP voucher requests for all Transit Set-Aside-eligible voucher request, pending funding availability. When transit vouchers are funded by Standard HVIP due to a lack of Transit Set-Aside funds, the transit vouchers will adhere to the rules and requirements of Appendix H.

Eligibility

Eligible Vehicles: HVIP eligible [Medium-](#) and [Heavy Duty](#) rubber-tire buses designed to transport passengers by road with gross vehicle weight rating (GVWR) greater than 8,500 pounds are eligible for funding through the Transit Set-Aside. Electric trolley buses, school buses, and other fixed guideway vehicles such as rail, even operated by a transit agencies are excluded from Transit Set-Aside eligibility because the ICT regulation does not apply to them (title 13, CCR, section 2023(a)(2)).

Purchaser Eligibility: Transit Agencies subject to the ICT Regulation are eligible for the Transit Set-Aside if they are purchasing in excess of regulatory targets. Consistent with ICT Regulation, a transit agency has the same meaning as defined in title 13, California Code of Regulations, section 2020(b) and does not mean a correctional facility, airport, college or university, national park, tour bus service providers, or an entity that provide shuttle services solely for patrons of its organization (title 3, CCR, 2023(b)(51)). Further, the ICT regulation does not apply to Caltrans, Caltrain, Amtrak, or any local school district (2023(a)(2)(B)). The Transit Set-Aside is reserved for transit agencies that are subject to the ICT regulation and own, operate, lease, rent, or contracts with another entity to operate buses in California. California Native American tribal governments requesting transit bus vouchers are also eligible for the Transit Set-Aside.

HVIP will consider all transit agencies to be exceeding regulatory requirements and eligible to request HVIP funding if the total number of zero-emission transit buses purchased in the state exceeds the anticipated Innovative Clean Transit target as indicated in [STAFF REPORT: INITIAL STATEMENT OF REASONS for the Innovative Clean Transit Regulation](#) (Table VIII-10, pp VIII-24). However, transit agencies that are subject to the ICT Regulation but are NOT in compliance with all regulatory and reporting requirements are ineligible to redeem HVIP vouchers.

Transit Set-Aside Voucher Amounts and Stacking

Eligible Transit Set-Aside vehicles may receive an HVIP voucher for up to the funding amounts identified in the table below. The Class 8 Fuel Cell plus-up is for vehicles fueled exclusively with hydrogen and not capable of being recharged with electricity.

Zero-Emission Vehicle (ZEV) Bus Vouchers

Bus Class	Public Transit Voucher	Small Public Transit Agency Voucher
Class 2b (8,501-10,000 lbs.)	\$9,750	\$19,500
Class 3 (10,001-14,000 lbs.)	\$ 58,500	\$117,000
Class 4 (14,001-16,000 lbs.)	\$78,000	\$156,000
Class 5 (16,001-19,500 lbs.)	\$78,000	\$156,000
Class 6 (19,501-26,000 lbs.)	\$110,500	\$221,000
Class 7 (26,001-33,000 lbs.)	\$110,500	\$221,000
Class 8 (33,001+)	\$156,000	\$312,000
Class 8 Fuel Cell (33,001+)	\$312,000	\$552,000

Small business fleets are defined as public and non-profit fleets with 20 or fewer medium- and heavy-duty (MHD) vehicles or private fleets with 20 or fewer MHD vehicles *and* less than \$15 million in annual revenue.

Stacking HVIP With Other Funding Sources: The sum of HVIP and other eligible public funding may not exceed the full vehicle cost excluding taxes and fees. To stack eligible public incentives, the dealer and purchaser must ensure that all of HVIP's and respective public incentive program's requirements and policies regarding the stacking of public funds are met. Various incentives may be combined with HVIP vouchers, so long as each incentive program is not paying for the same incremental costs or the total sum of incentives does not exceed the total cost of the vehicle. When stacking, the HVIP incentive will fund the remaining cost up to the maximum voucher amount after the other incentives have been applied at their maximum allowable amounts.

State-funded incentives may stack with the Transit Set-Aside regardless of fleet size, so long as the state incentive program allows stacking, each incentive program is not paying for the same incremental cost, and the non-HVIP incentive program is not required to generate greenhouse gas (GHG) emission reductions.

Federal and Local incentives may also be combined with the Transit Set-Aside. As the fleet's additional funding information becomes available, the additional funding sources and amounts should be added to the voucher(s) at any point in the voucher progression and should be accounted for in the signed final invoice(s)/financial documentation to confirm the amount of funding used by each source does not exceed 100% of the total vehicle cost when combined with HVIP.

HVIP Approved Dealers participating in the Transit Set-Aside are encouraged to include all additional funding sources on the voucher request prior to signing the Terms and Conditions in order to avoid voucher amount recalculation at a later stage of voucher progression.

Flexibilities

Acknowledging the unique nature of transit agencies' operations, their role in the state's air protection and climate goals and helping spur the initial market for zero-emission vehicles and their components, CARB presents additional flexibilities for the Transit Set-Aside to ensure that transit agencies are supported in the most efficient way possible as regulatory requirements begin to take effect.

Letter of Intent for Voucher Requests

A Letter of Intent (LOI) is permitted for transit agencies in lieu of a purchase order (PO) at the point of a new voucher request submission. The date of signature on the LOI may be no earlier than 1/1/2025. A purchase order (or other binding agreement) will be required within 6 months (182 calendar days) of submission, otherwise the voucher requests will be cancelled.

The voucher request submitted with a Letter of Intent in place of a PO must include the following items:

- Evidence of OEM's awareness of the LOI such as a copy of an email, OEM participating as the approved dealer and submitting the voucher request, etc.
- Date
- Addressed to OEM Point of Contact (POC)
- Transit Agency Letterhead
- Number of vehicles
- Vehicle make/model
- Contingencies (what is the PO/contract dependent upon? Award announcement from other funding sources are a common contingency)
- Estimated date/quarter of contract (PO) signing
- Estimated date/quarter and year of vehicle delivery
- Anticipated HVIP incentive amount per bus
- Transit POC signature
- Transit POC contact info

The format found in the HVIP Sample LOI for Transit Voucher Requests should be used and can be found on the [HVIP Purchasers Page](#).

A PO is required within 6 months (182 calendar days) of voucher request submission. Extensions beyond 6 months may be considered on a case-by-case basis.

Purchase Order Date

Purchase orders submitted for this funding year (FY24-25) must be dated March 30, **2024**, or later.

Redemption Flexibility for Transit Dealers

To enable a faster redemption process for HVIP approved dealers, a Delivery Document may be submitted in advance of final payment. The requirement of other documentation is at CARB's sole discretion.

A Sample Delivery Document for Early Redemption is available for download on the [HVIP Purchasers Page](#). All fields from this document must be completed and signed in order for the voucher to be considered for early redemption. If the DMV registration is not available, and the voucher is being redeemed with the Appendix H flexibility, please enter "**1/1/1900**" in the Title Transfer Date field in Pending Delivery Status.

The customer (HVIP Purchaser) signer is NOT required to have legal signing authority to complete the Delivery Document. With the Delivery Document provided and all other redemption requirements met, the voucher can be redeemed without DMV Registration and the final payment / final acceptance-made by the purchaser. In this case, however, the dealer must subsequently provide a copy of the DMV Registration, all final milestone invoices, and financial documentation, showing that the final payment amount includes the voucher amount, within 30 days of the Redemption Approval date.

Though the final milestone invoice is not required for the Transit Set-Aside early redemption flexibility, at least one milestone invoice documenting the (1) Base vehicle price, (2) Total Delivered price, (3) Applicable CA sales taxes, FET and fees, (4) HVIP Incentive amount, and (5) additional funding types and amounts applied to the vehicle price, are required.

All other elements of the HVIP Redemption Checklist / Redemption Form must be followed as specified in the most current version at the time of redemption.

HVIP vouchers associated with contracts in which there is retainage are ineligible for early redemption.

State + Federal Cooperation for Match Funds

The purchase order (or other binding sales agreement) to secure a voucher request has been a fundamental requirement of HVIP for all voucher types. Due to this requirement, HVIP has historically been disqualified as a match funding option in the FTA's Low and No Emission Vehicle Program (Low-No) competitive grant applications. Low-No funds cannot be used to reimburse applicants for otherwise eligible expenses incurred prior to execution of a grant agreement unless FTA has issued pre-award authority for selected projects. Costs are considered incurred when a third-party contract is executed¹. The transit flexibilities in Appendix H allow transit bus HVIP Approved Dealers to submit an HVIP voucher request with a **letter of intent** instead of a **purchase order** to secure HVIP funding concurrently with FTA's Notice of Funding Opportunity.

In addition, the FTA requires a portion of the project costs to be matched or shared with the funds awarded through Low-No. The maximum Federal share for projects that involve leasing or acquiring transit buses for purposes of complying with or maintaining compliance with the Clean Air Act or are accessible to people with disabilities is 85% of the net project cost. The Federal share of the cost of other projects shall not exceed 80%². The HVIP flexibilities for transit agencies strengthen applications submitted to the FTA's Low-No by leveraging the match potential of an HVIP voucher.

FTA, CARB and HVIP administrative staff coalesced the guidelines described below to allow the combining of HVIP funds with a Low-No Grant.

1. The HVIP approved dealer and purchaser construct a LOI to purchase the HVIP eligible vehicle(s) containing the required information (see the Sample Letter of Intent available for download on the [HVIP Purchasers Page](#)). The voucher request gets submitted with the signed and dated LOI. The dealer is to notify the Voucher Processing Team (voucherprocessing@tetrattech.com)

¹ <https://www.transit.dot.gov/funding/grants/low-no-and-buses-and-bus-facilities-faqs>

² <https://www.transit.dot.gov/notices-funding/fy-2025-notice-funding-opportunity-low-or-no-emission-grant-program-and-grants>

that the voucher request is for the Transit Set-Aside and that a PO will be issued within 6 months of voucher request submission.

2. The voucher request will progress like a Standard HVIP request to the “Funds Reserved” status.
3. The automatically generated email sent to the dealer and purchaser at Funds Reserved status is confirmation that funds will be held for the purchase of the transit bus(es) on the condition that 1) a PO is submitted within 6 months (182 calendar days) of voucher request submission and 2) all parties involved in the voucher request adhere to HVIP requirements.
4. The purchaser creates their application for the FTA competitive grant. HVIP may be cited as a source of match funding in accordance with FTA’s Low-No cost sharing and matching guidelines². The Funds Reserved email from HVIP is used as the official documentation from HVIP to confirm a source of local match funds for the federal grant application. Questions regarding the validity or purpose of the Funds Reserved email should be directed to info@californiaHVIP.org.
5. A Purchase Order is required within 6 months (182 days) from the submission of the voucher request. Extensions beyond 6 months may be considered on a case-by-case basis if the federal grant program has not issued a Notice of Award or if the transit agency has been awarded funds and needs additional time to receive Board approval for the contract.
 - a. Dealers are to inform the Voucher Processing Team of the intent to cancel the voucher request in cases where the purchaser is not awarded federal funds.
6. Following the upload of the purchase order, the voucher goes through the same process as a Standard HVIP voucher.
7. The voucher must be redeemed within 36 months from the date which the voucher request reaches Funds Reserved status.