

Item #8
July 22, 2014
Energy Commission Business Meeting

Vehicle Buy-Down Incentive Reservations
Totaling \$4,338,000.00
for
Natural Gas Vehicle Incentives
(PON-13-610)

On January 27, 2014, the Energy Commission released Program Opportunity Notice (PON) PON-13-610 that makes funding available from the Alternative and Renewable Fuel and Vehicle Technology Program established by Assembly Bill 118 (Núñez, Chapter 750, Statutes of 2007; subsequently amended by AB 109 ((Núñez, Chapter 313, Statutes of 2008), and AB 8 (Perea, Chapter 401, Statutes of 2013) for natural gas vehicle incentives to reduce the purchase price of new on-road natural gas vehicles. The natural gas vehicle incentives will directly benefit California's economy and the environment by expanding the use of a domestically produced non-petroleum fuel that is a low-cost alternative to gasoline and these incentives will assist public and private fleet operators and individual consumers in making the decision to purchase natural gas vehicles.

The natural gas vehicle incentives are available only for new, on-road natural gas light-, medium-, or heavy-duty vehicles or school buses that meet all 2010 or newer emission requirements of the Air Resources Board and that are fully warranted by the original equipment manufacturer. Purchasers must register the eligible vehicle(s) in California and agree to operate the eligible vehicle(s) on natural gas in California (at least 90 percent of the time) for at least 3 years. The natural gas vehicle incentives may be used in conjunction with vehicle purchase incentives available from other entities. Incentives are available at varying levels depending on the gross vehicle weight.

The PON is open to original equipment manufacturers (OEMs) on a first-come, first-served basis and the Energy Commission began accepting reservations on February 28, 2014. OEMs may designate California dealers and distributors to apply for the natural gas vehicle incentives on their behalf.

The incentive reservation and payment process is simple and efficient, designed to minimize staff workload and create an easy and transparent process for incentivizing the purchase of natural gas vehicles. The OEM or designated dealer/distributor submits a reservation form and any additional required documentation. These forms are screened for completeness and taken to the Commission for its approval to encumber the funds. Once approved, the applicant may begin selling eligible vehicles at a reduced

price to reflect the incentive payment. Upon sale and vehicle registration, the applicant submits a payment claim form and additional required documentation. Upon approval by the Commission Incentive Manager, the applicant receives a check for the incentive amount. The reservation terminates by its own terms after 365 days or when the incentives are expended, whichever occurs first.

The Chief Counsel's Office has reviewed this PON to determine what level of environmental review is necessary under the California Environmental Quality Act (CEQA) and recommends including a finding that the PON and incentives distributed under it are "not a project" and therefore not subject to environmental review.

- a) THOMAS BUILT BUSES (OEM – Thomas Built Buses) (BDIR-14-01), in the amount of \$1,600,000 for 64 natural gas vehicles of 33,001 pounds gross vehicle weight and greater.
- b) CITY CHEVROLET INC (OEM – General Motors Company) (BDIR-14-03), in the amount of \$120,000 for 20 natural gas vehicles of 8,501 to 16,000 pounds gross vehicle weight.
- c) FREIGHTLINER CUSTOM CHASSIS CORPORATION (OEM – Freightliner Custom Chassis Corporation) (BDIR-14-04), in the amount of \$1,298,000 for 118 natural gas vehicles of 16,001 to 26,000 pounds gross vehicle weight.
- d) PARADISE CHEVROLET CADILLAC (OEM – General Motors Company) (BDIR-14-05), in the amount of \$120,000 for 20 natural gas vehicles of 8,501 to 16,000 pounds gross vehicle weight.
- e) GEORGE CHEVROLET (OEM – General Motors (BDIR-14-06), in the amount of \$120,000 for 20 natural gas vehicles of 8,501 to 16,000 pounds gross vehicle weight.
- f) REYNOLDS BUICK INC (OEM – General Motors Company) (BDIR-14-07), in the amount of \$120,000 for 20 natural gas vehicles of 8,501 to 16,000 pounds gross vehicle weight.
- g) HANLEES CHEVROLET (OEM – General Motors Company) (BDIR-14-08), in the amount of \$60,000 for 10 natural gas vehicles of 8,501 to 16,000 pounds gross vehicle weight.
- h) CHEVROLET OF WATSONVILLE (OEM – General Motors Company) (BDIR-14-09), in the amount of \$120,000 for 20 natural gas vehicles of 8,501 to 16,000 pounds gross vehicle weight.
- i) BOB STALL CHEVROLET (OEM – General Motors Company) (BDIR-14-10), in the amount of \$120,000 for 20 natural gas vehicles of 8,501 to 16,000 pounds gross vehicle weight.

- j) MARK CHRISTOPHER AUTO CENTER (OEM – General Motors Company) (BDIR-14-11), in the amount of \$120,000 for 20 natural gas vehicles of 8,501 to 16,000 pounds gross vehicle weight.
- k) SIMPSON CHEVROLET OF GARDEN GROVE (OEM – General Motors Company) (BDIR-14-12), in the amount of \$120,000 for 20 natural gas vehicles of 8,501 to 16,000 pounds gross vehicle weight.
- l) PENSKE CHEVROLET OF CERRITOS (OEM – General Motors Company) (BDIR-14-13), in the amount of \$120,000 for 20 natural gas vehicles of 8,501 to 16,000 pounds gross vehicle weight.
- m) A-Z BUS SALES, INC. (OEM – Blue Bird Corporation) (BDIR-14-14), in the amount of \$300,000 for 12 natural gas vehicles of 33,001 pounds gross vehicle weight and greater.