

APCD Engine Emission Reduction Grant Program (EERGP)

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Who may apply?

Any private person, company, or public agency who owns and operates an engine over 25 horsepower within San Luis Obispo County may be eligible to apply for an APCD EERGP grant.

How much money is available?

Approximately \$300,000 is available in Carl Moyer funds each year. AB923 funds add approximately \$500,000 each year to the funds available for grants, and other funds are made available from time to time by the APCD Board. Based on recent years, we currently have funding available to complete approximately 23 projects.

What types of projects are eligible?

Here are some general eligibility guidelines:

- Projects must produce real, quantifiable and enforceable emissions reductions;
- Emissions reduced must be surplus to applicable ARB regulations;
- Existing and replacement engines must be based in San Luis Obispo County;
- Existing engines must be rated at 25 hp or more;
- At least 75% of the operation must be in California; and
- Research and development, certification testing and training are not eligible for funding.

What types of vehicles or equipment are eligible?

- Heavy-duty off-road diesel vehicles and self-propelled equipment (e.g. graders, dozers, tractors, harvesters, class 7 rough-terrain diesel forklifts, etc.), if the project reduces emissions surplus to regulatory requirements.
- Heavy-duty (over 19,500 lbs. GVWR) on-road trucks, if the project reduces emissions surplus to regulatory requirements. Trucks must be part of a small fleet of 10 or fewer trucks under common ownership and control; or if part of a larger fleet, must operate under an emission reduction exemption as defined in the California Air Resources Board (ARB) Truck and Bus Regulation (e.g. Agricultural truck or locally based NOx-exempt area truck that operates solely in San Luis Obispo, Santa Barbara, Monterey, Santa Cruz and San Benito Counties).

- Tier 1 or Tier 2 agricultural irrigation pump engines, and ag engines that have remote exemption.
- Certain other agricultural engines may be eligible, if the project reduces emissions surplus to regulatory requirements (contact the APCD before applying).
- Off-road spark ignition (gasoline, natural gas or propane) engines may be eligible.
- Airport ground support equipment and locomotives.

Other types of projects or equipment may be eligible. If a project reduces nitrogen oxides (NOx), reactive organic gases (ROG), or particulate matter (PM) exhaust emissions but does not fit into any of the above, call APCD staff. For equipment that is subject to pending or adopted ARB regulations, eligibility is determined based on emission reductions surplus to the applicable regulation compliance date.

Do I have to pay the money back?

No, this is not a loan program. These grant funds are allocated specifically to pay for public or private projects that reduce emissions.

What costs may be paid by a grant?

Grants may cover the cost of repowering equipment with a new electric motor, re-powering with a new engine, or replacing the vehicle(s) or equipment with new equipment. Some projects may require a VDECS (particulate filter) to further reduce emissions. Eligible project costs must have been incurred after the Grant Agreement (contract) is effective – the APCD will not reimburse any expenses for purchases made before the Grant Agreement is signed by all parties.

Some examples of eligible costs by project type are:

Electrification: When replacing diesel engines, the costs of the electric motor and installation are eligible. Other equipment that is necessary for diesel to electric conversion, such as variable frequency drive (when justification is documented), reduced voltage starting (when required by the utility company) and certain peripheral equipment, such as the service pole, control panel, motor leads, concrete pad, headshaft or gear head and tubing, and up to 150 feet of connecting electric line from the pole forward to the motor may be eligible for grant funding.

Repowers: Cost of parts, installation, shipping and taxes for new engines are eligible. Parts such as power-takeoffs, exhaust converters and adapter plates required to mate the project engine with a drive train or equipment, or which are integral with the funded engine may also be eligible.

Replacements: Costs of purchasing new off-road equipment or on-road heavy-duty trucks.

Retrofits: Costs to purchase and install a VDECS on an existing or replacement engine are eligible.

How is the amount of the grant determined?

Grant amounts are calculated by APCD staff and will vary depending on the project type and the specifics of your project. The grant guidelines and the APCD set maximum funding amounts depending on project type and funding source, and all projects must not exceed the cost-effectiveness (cost per ton of emissions reduced) cap specified in the Applicable Guidelines. Engine size, model year and amount of usage all affect the amount of emissions produced, which in turn will affect the cost-effectiveness. There is a maximum award of \$150,000 per applicant per calendar year. Some examples of maximum award amounts include:

- **Fleet Modernization** – Up to \$60,000 for a cost-effective replacement with a 2010 emission compliant truck
- **Equipment Replacement** – Up to 80% of eligible, cost-effective project expenses
- **Repowers** – Up to 85% of eligible, cost-effective project expenses
- **Retrofits** – Up to 100% of eligible, cost-effective project expenses.

See the applications for the various project types on the APCD [Engine Emission Reduction Grant Program](#) page or call the APCD for a discussion of possible funding amounts for your specific project.

What is Surplus Emission Reduction?

Nearly every diesel engine in California is or will be regulated by the ARB. Regulations require the engines to be retrofitted with emission reduction systems or replaced by a given deadline, which varies with the type and size of engine. Grant awards are based on the emissions reduced by running the new engine or technology vs. running the old engine. This reduction is considered “surplus” when it occurs before it is required by the regulation. Most projects require three years of surplus; that is, the project must be completed at least three years before the regulated emission reduction deadline.

How is Cost-Effectiveness determined?

Cost-Effectiveness (CE) is calculated as the grant amount divided by the tons of surplus emissions reduced over the project life, discounted at 2% per year. The total tons are measured by adding the tons of NO_x, ROG, and PM emissions, with the PM amount multiplied by a factor of 20. The maximum CE currently allowed by the Moyer Guidelines is \$16,640 per weighted ton.

Are electric motors eligible?

Yes. We encourage projects to replace diesel with electric motors or other alternative fuel.

Do I have to put up a matching amount?

Yes. As an incentive program, grants will generally not cover the full cost to implement the project. Grantee costs may be substantial, since the cost to implement the project may be considerably greater than the eligible grant amount.

How are grants awarded?

Application forms are available for download from the APCD website [Engine Emission Reduction Grant Program](#) page. To have an application form mailed to you, contact the APCD at 805-781-5912. APCD staff will review your application within 5 days of receipt. If it is found incomplete or inconsistent with APCD or State program guidelines, staff will contact you and ask for revised or supplemental information. Grants are awarded on a first-come, first-served basis, based on the date the application is deemed complete. If multiple projects are deemed complete on the same day, funding priority is given to the most cost-effective projects.

After your application is deemed complete, APCD staff will contact you to schedule a field inspection of your existing engine. When APCD staff determines that a project is eligible, they will send you an award letter with an offer of a grant amount, subject to available funds. If the grant amount is acceptable to you, a Grant Agreement (contract) will be drafted. No work can begin on the project, and no parts or equipment can be ordered or purchased, until the Grant Agreement is signed by all parties. Payment of the grant award is only made after a post-inspection to verify that the project was implemented by the grantee in accordance with the Grant Agreement. In the case of repower and retrofit projects, payment is made as a reimbursement after completion of the project. In the case of fleet modernization and equipment replacement projects, payment is made at the vehicle/equipment transaction, via two-party check payable to the grantee and the dealer.

Is the cost of purchasing alternative fuels or infrastructure eligible for grant funding?

Grant funds are not available for the cost of any fuel, including alternative fuels such as electricity, natural gas, biodiesel or emulsified fuels, nor for infrastructure to deliver these fuels. Grant funds are available for the purchase of alternative fueled vehicles and equipment.

What are the Grant Agreement terms and conditions?

All Engine Emission Reduction Grant Program grants require a signed Grant Agreement which sets forth contractual obligations of the owner/grantee and the APCD. Terms and conditions of the Grant Agreements vary by type of project and funding source, but generally contain the following:

- The project is not required by any local, State and/or federal rule, regulation or MOU currently in effect.
- No parts or equipment for the project shall be ordered or purchased, and no work shall begin on the project before the Grant Agreement is signed by all parties and is effective. The APCD will notify the Grantee at that time.

- The proposed project technology must either be certified or verified or meet current emission standards for sale in California.
- The existing engine/equipment must be destroyed and disposed of as scrap (except for retrofit-only projects). This destruction must be documented by APCD staff.
- Old engines must have a complete and fully legible serial number, or APCD staff must mark the engine block and verify that the specific engine was removed and destroyed as noted above.
- For the life of the project, grantees must keep usage and maintenance records and submit annual reports on usage of each engine or equipment funded.
- The new engine/equipment must remain in service for the project life with at least 75% of operation in California, for a total amount or annual average amount as may be specified in the Grant Agreement.
- If usage of the funded engine(s) or equipment does not meet agreed usage amounts, the APCD may require repayment of all or part of the grant.
- For the life of the project grantee/owner will: Maintain the engine/equipment according to the manufacturer's specifications; not tamper or alter its emissions control devices or systems; allow inspection of the funded engine/equipment; maintain a working hour meter or other approved usage measurements (if the approved monitoring device fails, the owner will record the failure date and repair or replace the device as soon as possible).
- Rights to the emission reductions cannot be claimed by any owner/grantee for credits or for a credit averaging, banking, or trading program.

Do I pay income tax on a grant award?

The APCD will issue IRS form 1099 to grant recipients as required by law. It is the grant recipient's responsibility to determine their tax liability associated with their participation in the grant program.

How do I apply?

Application forms are available for download from the APCD website, [Engine Emission Reduction Grant Program](#) page, which has additional APCD contact information. To have an application form mailed to you, contact the APCD at 805-781-5912. Completed applications with original signatures must be submitted to:

San Luis Obispo County Air Pollution Control District
 Attn: Andy Mutziger
 3433 Roberto Court
 San Luis Obispo, CA 93401

Can I get financial help with my portion of the purchase price?

Loan assistance may be available through the California Capital Access Program (CalCAP). Contact your lender for eligibility requirements and to see if they participate in CalCAP. Additional information on CalCAP loans for on-road vehicles is available from the ARB at:

www.arb.ca.gov/ba/loan/on-road/on-road.htm

Or for off-road projects at:

www.arb.ca.gov/ba/loan/off-road/off-road.htm

Or at 866-6-DIESEL.

And from the California Pollution Control Financing Authority at:

www.treasurer.ca.gov/cpcfca/calcap.asp

For a list of participating lenders, see:

www.treasurer.ca.gov/cpcfca/calcap/institutions.pdf

Glossary of Acronyms

AB – Assembly Bill

APCD – Air Pollution Control District or San Luis Obispo County Air Pollution Control District

APU – Auxiliary Power Unit

ARB – California Air Resources Board

ATCM – Air Toxic Control Measure

BACT – Best Available Control Technology

BIT – Biennial Inspection of Terminals

CARB – California Air Resources Board

CE – Cost-Effectiveness

CHP – California Highway Patrol

CNG – Compressed Natural Gas

DMV – California Department of Motor Vehicles

DOORS – Diesel Off-Road On-Line Reporting System

EMU – Electronic Monitoring Unit

FEL – Family Emissions Limit

g/bhp-hr – Grams per Brake Horsepower Hour

GVW or GVWR – Gross Vehicle Weight Rating

LNG – Liquefied Natural Gas

MOU – Memorandum of Understanding

NO_x – Oxides of Nitrogen

OEM – Original Equipment Manufacturer

OSHA – Occupational Safety and Health Administration

PM – Particulate Matter

RFP – Request for Proposals

ROG – Reactive Organic Gasses

TRU – Transport Refrigeration Unit

TRUCRS – Truck Regulation Upload, Compliance and Reporting System

VDECS – Verified Diesel Emission Control System

VFD – Variable Frequency Drive

VIN – Vehicle Identification Number



**AIR POLLUTION
CONTROL DISTRICT**
COUNTY OF SAN LUIS OBISPO

805-781-5912
3433 Roberto Court
San Luis Obispo, CA 93401