



Oregon's Medium and Heavy Duty Zero Emissions Vehicle Rebate Program

Rulemaking Advisory Committee Meeting #1

Background and Key Issues

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Agenda

- 1 p.m. – Introductions and Ground Rules
 - Name, Organization, One Goal for Participation (1-2 min. each)
- 1:20 p.m. – Legislative Background, Program Goals, & Eligibility
- 1:40 p.m. – Group Discussion
- 2:30 p.m. – Stretch Break
- 2:40 p.m. – Rebate Amounts, Equity Focus, & Implementation
- 3 p.m. – Group Discussion
- 3:50 p.m. – Public Comment & Next Steps
- 4 p.m. – Adjourn

Meeting Ground Rules

- Prepare and set aside time for the meetings
- Raise hand to speak
- Stay focused on the specific agenda topics for each meeting
- Comment constructively and in good faith
- Consult regularly with constituencies to inform the process and gather input
- Treat everyone with respect
- One person speaks at a time
- Avoid representing to the public or media the views of any other committee member or the whole group

Proposed Rules – Purpose and Scope

This rulemaking will produce guidelines for the implementation of DEQ's new Medium and Heavy Duty Zero Emissions Vehicle Rebate program. The committee will:

- Help clarify and interpret the goals of the program
- Make recommendations on basic program design
- Consider eligibility and rebate allocation criteria
- Provide comment on rebate processing for consumers and dealers
- Advise on rebate program elements

Policy guidance from Oregon Revised Statute will directly inform program rules. Rules may not conflict with statute.

Legislative Background

In 2023 the Oregon Legislature passed House Bill 3409

- Directs DEQ to establish new MHD ZEV Rebate program
- Allocates \$2.55M for rebates and \$450K for admin
- Dedicates 40% of revenue to rebates for vehicles located in communities disproportionately burdened by diesel pollution
- Requires registration of rebate vehicles for 36 months
- Requires rebate vehicles operate more than 50% in Oregon
- Prioritize available moneys for specific qualifying vehicles
- Determine the number of rebates available per applicant and for each type of qualifying vehicle








Program Goals and Considerations

- Accelerate zero emission MHD ZEV market adoption
- Benefit air quality in disproportionately burdened communities
- Ensure equitable access for small and MWDBE fleets
- Lower financial barriers to MHD ZEV adoption
- Support fleets with technical assistance
 - Program information, fleet and infrastructure considerations
- Streamlined application and approval process

Vehicle Eligibility

- MHD Zero Emission Technologies eligible
- 8,501 - 33,000+ GVWR
- Vehicles eligible under:
 - Federal Commercial Clean Vehicle Credit
 - California’s HVIP
 - Washington’s MHD ZEV Incentive
 - Manufacturers can petition Oregon for inclusion

Medium and Heavy Duty Vehicle Classification

Weight Class	Class 2b	Class 3	Class 4	Class 5	Class 6	Class 7	Class 8
Example Vehicles							
GVWR	8,500 – 10,000 lb 3,856 – 4,536 kg	10,001 – 14,000 lb 4,536 – 6,350 kg	14,001 – 16,000 lb 6,351 – 7,257 kg	16,001 – 19,500 lb 7,258 – 8,845 kg	19,501 – 26,000 lb 8,846 – 11,793 kg	26,001 – 33,000 lb 11,794 – 14,969 kg	> 33,000 lb > 14,969 kg

Source: NESCAUM Multi-state medium- and heavy-duty zero-emission vehicle action plan

Group Discussion:

- Please identify priority issues and questions for DEQ's consideration.
- What are your goals for the rebate program?
- How should DEQ prioritize available moneys for specific qualifying vehicles?
- How should DEQ determine the number of rebates available per applicant and for each type of qualifying vehicle?

Stretch Break:

- **Up next:**
 - **Proposed Rebate Amounts, Equity Focus, & Implementation**

Proposed Rebate Amounts

GVWR (lbs.)	Vehicle Class	Incentive Amount
8,501 – 10,000	Class 2b	\$7,500
10,001 – 14,000	Class 3	\$45,000
14,001 – 16,000	Class 4	\$60,000
16,001 – 19,500	Class 5	\$60,000
19,501 – 26,000	Class 6	\$85,000
26,001 – 33,000	Class 7	\$85,000
33,001 +	Class 8	\$120,000

- Provide significant support to reduce financial barriers to MHD ZEV adoption
- Will be set annually and fluctuate based on available revenue, technology, and program goals
- Consistent with California’s HVIP and Washington MHD ZEV rebate programs
- Ensures Oregon remains competitive with other state programs for national fleets

Discuss Example: % of Rebates per Vehicle Class

Vehicle Class	% of Total Rebates	Total Revenue by Vehicle Class	Total Rebates
Class 2b	5%	\$ 127,500.00	17
Class 3	20%	\$ 510,000.00	11
Class 4	25%	\$ 637,500.00	11
Class 5	25%	\$ 637,500.00	11
Class 6	10%	\$ 255,000.00	3
Class 7	10%	\$ 255,000.00	3
Class 8	5%	\$ 127,500.00	1
Total	100%	\$ 2,550,000.00	57

- \$2.5M total available for rebates
- Totals here based on proposed rebate amounts and examples of potential percentage allocations
- DEQ will propose percentage allocations per vehicle class
- Program goals will include maximizing air quality benefits and increasing ZEV adoption
- Percentage allocations will be set annually and fluctuate based on available revenue, technology, and program goals

Proposed Rebate Allocations

- MHD ZEV technology advancement and market growth follows a Beachhead Trajectory, observed by CALSTART
- Each successive wave of MHD ZEV builds on experience and technology from previous deployments
- DEQ proposes a focus on medium-duty early, heavy later

Transit & School
Bus

Delivery
Van &
Truck

MHD
Urban

Heavy
Regional
Freight

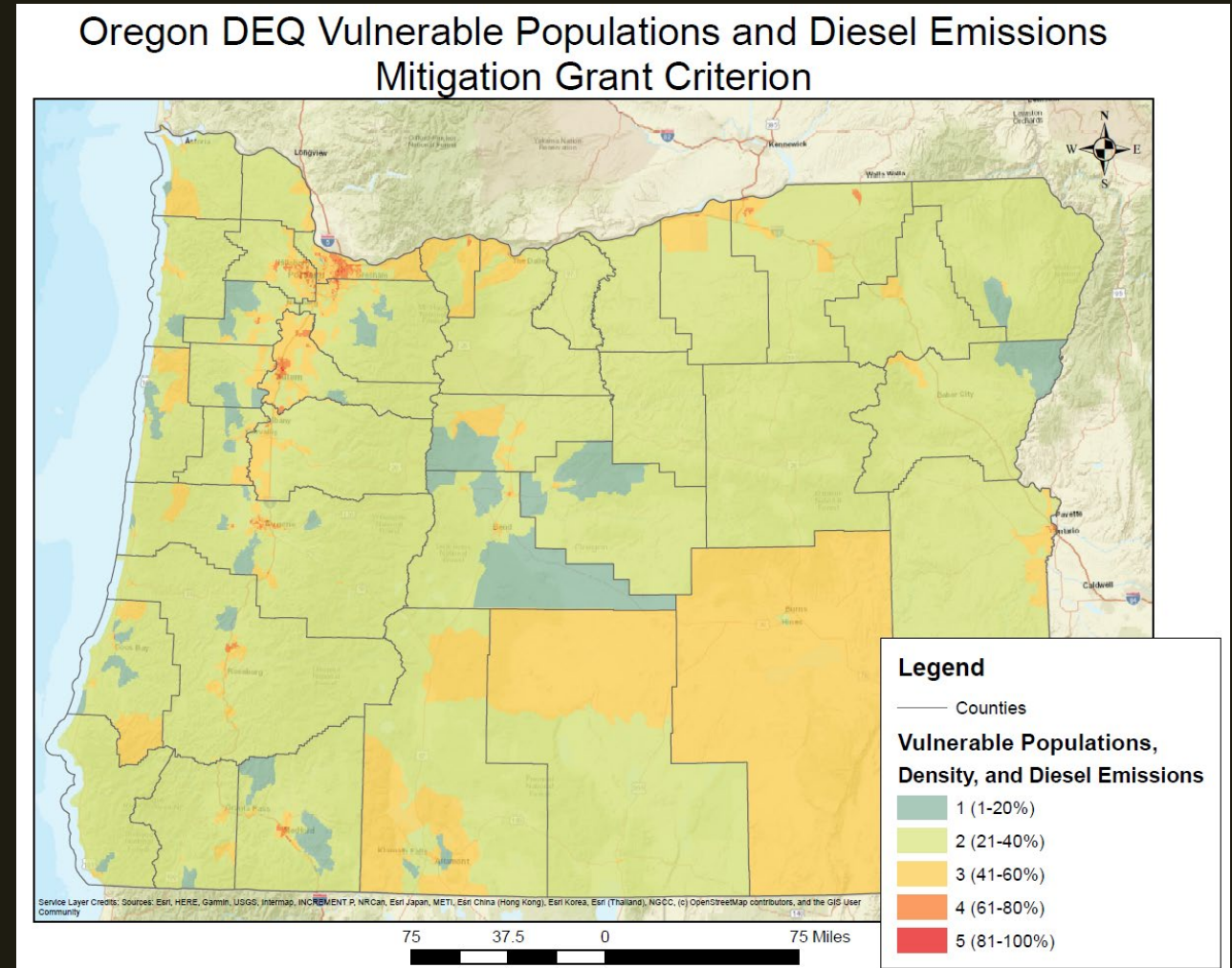
Corridor &
Long Haul

Equity Focus

- Benefit air quality in disproportionately burdened communities
 - DEQ proposes using existing vulnerable population screening tool
 - Details available here: <https://www.oregon.gov/deq/air/Documents/diesel-VulnerablePopulationsFS.pdf>
- Ensure equitable access for small and MWDBE fleets
 - Consider a percentage increase above base rebate amounts
 - Provide additional technical assistance, program information, fleet and infrastructure considerations

Equity Focus

- HB 3409 requires 40% of incentive revenue to rebates for vehicles located in communities disproportionately burdened by diesel pollution
- DEQ proposes this threshold apply in the top two quintiles of existing diesel emissions vulnerable population measure
- Based on vehicle domicile & registration
- This will help ensure program alleviates disproportionate air pollution burdens among frontline communities



Implementation Considerations

- Launch program in 2025 with in-house DEQ administration
- Deliver online application and approval process
- Consider voucher and rebate options for program
- Plan for transition to skilled, third-party administration for any expansion with additional program allocations
- Simple eligibility requirements for vehicles and fleets
- Provide one-stop-shop for incentive program participation

Group Discussion:

- Do you prefer a voucher or rebate approach? Why?
- What additional program design elements should DEQ consider?
- Should DEQ consider additional demographic factors, in addition to existing vulnerable population criteria, when establishing priority areas for the 40% equity set aside?
- Should DEQ prioritize small fleets? If so, how?
- How should DEQ determine the number of rebates available per applicant and for each type of qualifying vehicle?

Public Comment and Next Steps

- Public comment opportunity for attendees
 - Please raise hand, 3 minutes for comment
- DEQ staff welcomes written comments on meeting materials until 3/6/2024 at MHDZEV.2024@DEQ.oregon.gov
- Next meeting tentatively scheduled for late-March 2024 to discuss draft rules and invite additional feedback

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