



Proposed Rules for Zero Emissions Vehicle Rebates

Light Duty – Oregon Clean Vehicle Rebate Program

Medium and Heavy Duty – Zero Emissions Rebates for Oregon Fleets – ZERO Fleet

Rachel Sakata and Gerik Kransky
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Agenda – Zero Emissions Vehicle Rebates

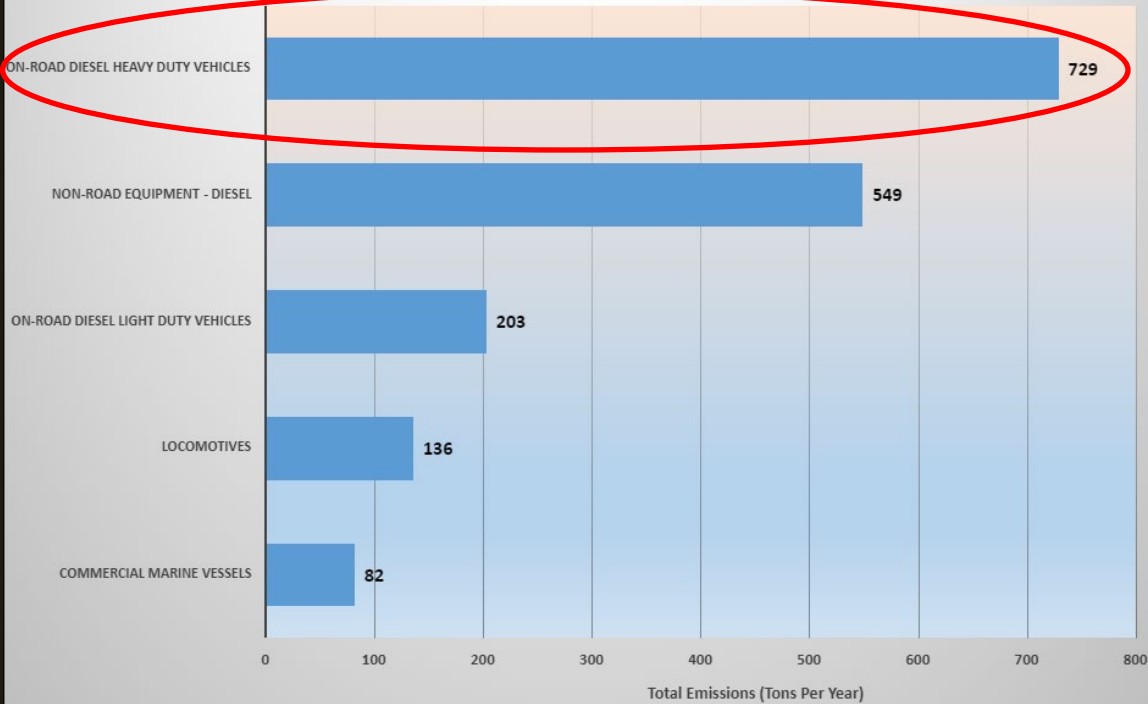
- DEQ Strategies to Reduce Emissions from Transportation in Oregon
- Light Duty ZEV Rebate Program Amendments
- Medium and Heavy-Duty ZEV Rebate Program Goals and Design
- Review Public Comment on the Proposed Rules
- Consider Proposed EQC Action

Reducing Transportation Emissions

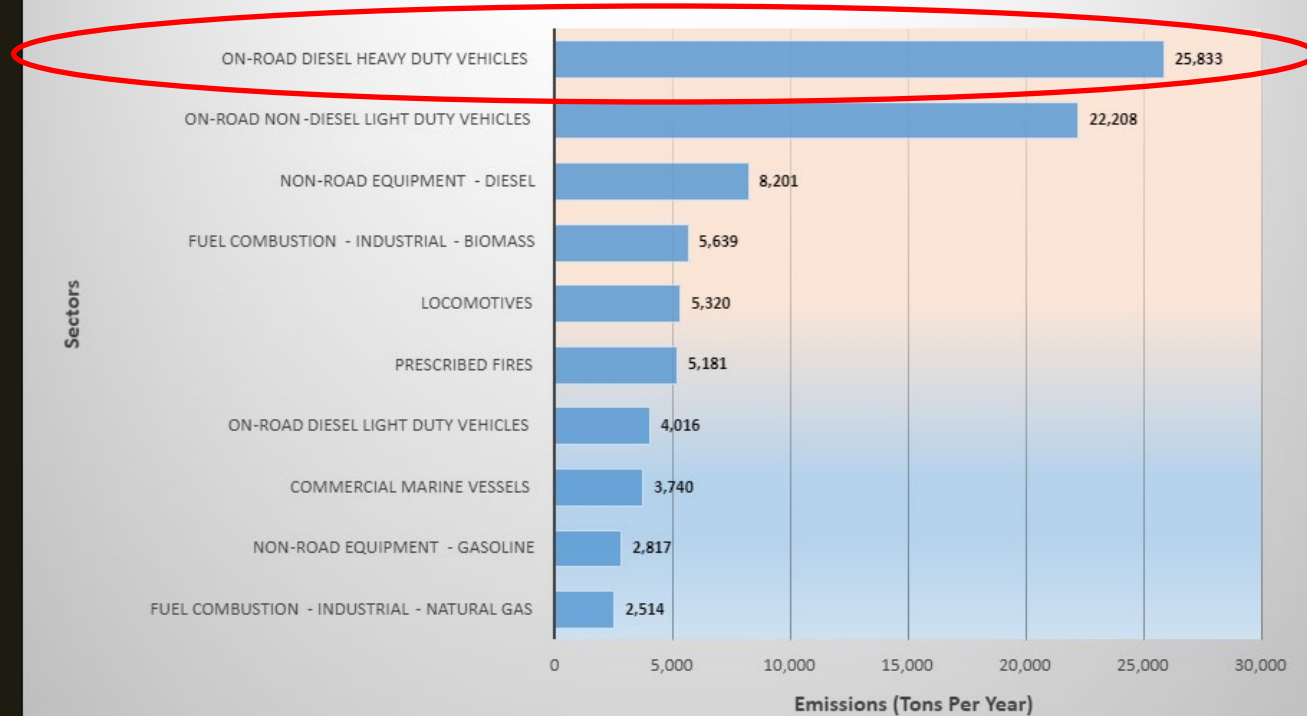
- DEQ employs regulations, incentives, and technical assistance
 - Most protective emissions standards available
 - Tens of millions of dollars in incentives
 - Supporting employers reducing work commute trips
 - Supporting fleets with their transition to cleaner technologies

Reducing Transportation Emissions

Oregon 2020 Diesel PM2.5 Emissions By Mobile Emission Sources



Oregon 2020 Top 10 NOx Anthropogenic Emitters



Program Overview – OCVRP

- Two types of rebates offered:
 - Standard Rebates:
 - Up to \$2,500 available to all
 - New vehicles only
 - Charge Ahead rebates:
 - Income based rebate \$5,000
 - New and used vehicles
 - Stackable with Standard for \$7,500
- State Revenue Source:
 - Vehicle Dealer Privilege Tax: 45% or no less than \$12 million



Oregon Clean Vehicle Rebate Program

What is being proposed?

- HB 4109 (2024) requires these changes
- Maintains Charge Ahead Rebate levels for light duty zero emissions vehicle purchases
 - \$7,500 for new
 - \$5,000 for used

Why?

- Prioritizes low- and moderate-income benefits
- Allows DEQ to receive and spend ~\$30M from EPA's Climate Pollution Reduction Grant



Legislative Background – ZERO Fleet

House Bill 3409 (2023):

- 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 in OR for 36 months
- Requires rebate vehicles operate more than 50% in Oregon

Zero Emissions Rebates for Oregon Fleets








<p>Eligible Projects</p>	<ul style="list-style-type: none"> - Public/Commercial Fleet Electrification - Purchase of 8,501 lbs.+ ZEV truck/bus - Own and operate in OR for > 3 years
<p>Priority Areas</p>	<ul style="list-style-type: none"> - High diesel emissions locations - Areas with vulnerable populations - High population density regions
<p>Environmental Benefits</p>	<ul style="list-style-type: none"> - Reduced air pollutants (NOx, PM) - Improved public health - Progress towards climate goals
<p>Economic Benefits</p>	<ul style="list-style-type: none"> - Support for business fleet transitions - Job creation in ZEV industry - Reduced healthcare costs



Photo: NESCAUM

ZERO Fleet – Vehicle Eligibility

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

ZERO Fleet – Rebate Amounts

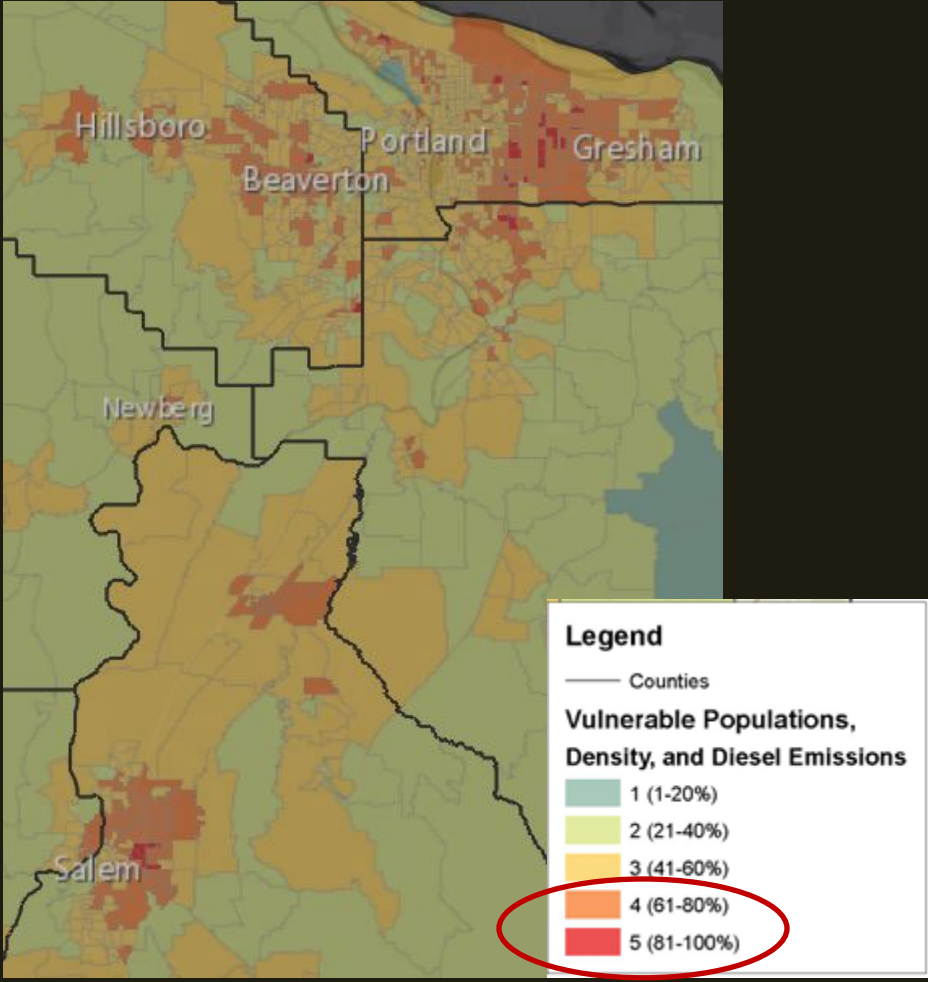
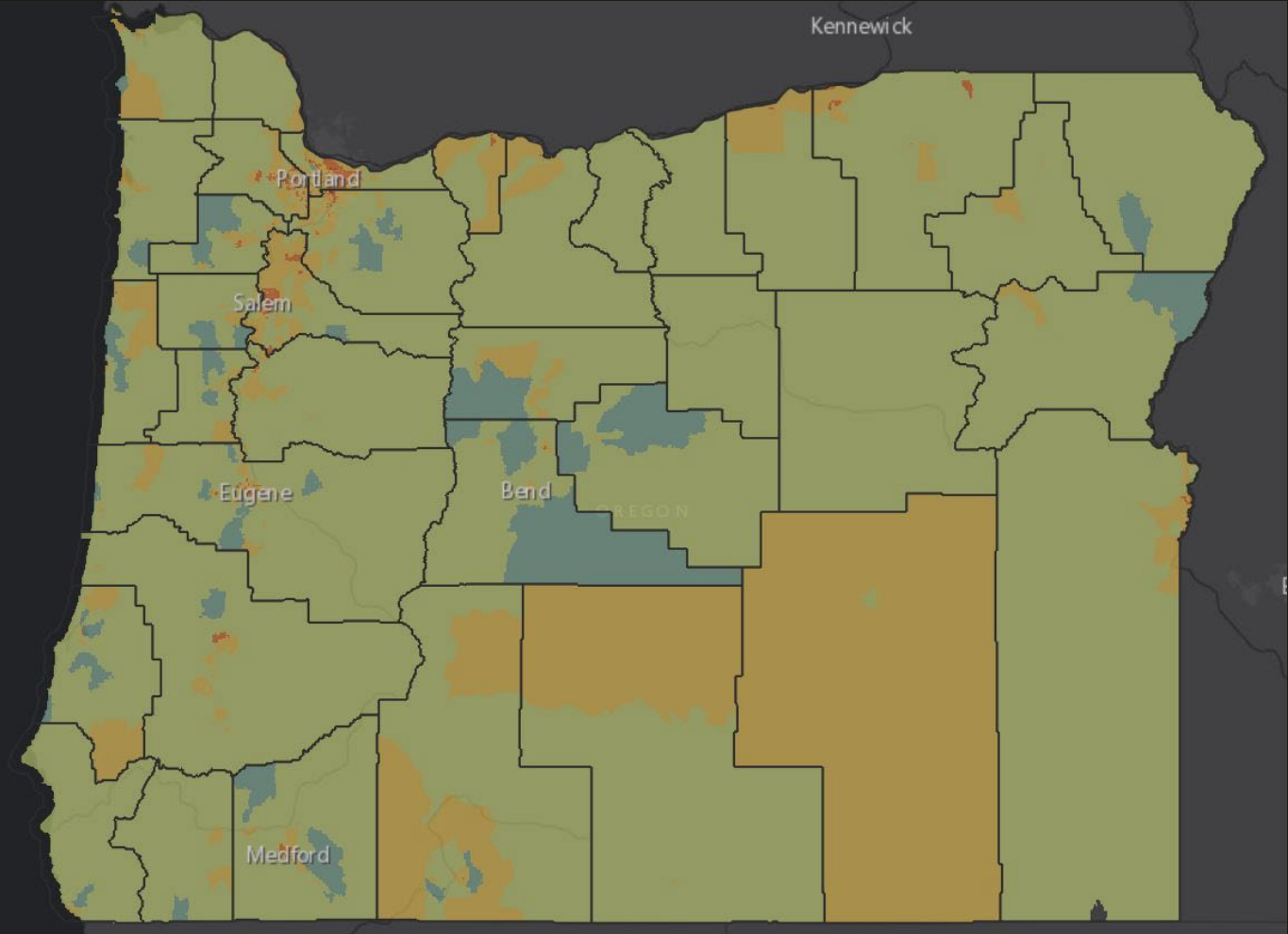
GVWR (lbs.)	Vehicle Class	Incentive Amount
8,501 – 10,000	Class 2b	\$2,500
10,001 – 14,000	Class 3	\$45,000
14,001 – 16,000	Class 4	\$60,000
16,001 – 19,500	Class 5	\$60,000
19,501 – 26,000	Class 6	\$85,000
26,001 – 33,000	Class 7	\$85,000
33,001 +	Class 8	\$120,000

- Consistent with California’s HVIP and Washington MHD ZEV rebate programs
- Ensures Oregon remains competitive with other state programs for national fleets
- Offsets the higher upfront cost of MHD ZEV compared to the lower costs of fossil fueled vehicles

Allocation of Rebate Funding by Disproportionate Diesel Pollution Burden

- At least 40 percent of rebate revenue will be for vehicles located and operating in communities disproportionately burdened by diesel pollution
- Burdened areas will be determined using DEQ existing vulnerable population measure of air quality, population density, and demographics
- If DEQ determines that the total amount of rebates for vehicles in areas disproportionately burdened by diesel pollution is unlikely to exceed 40 percent of the total, DEQ can release rebates for all qualifying projects

Vulnerable Population Prioritization



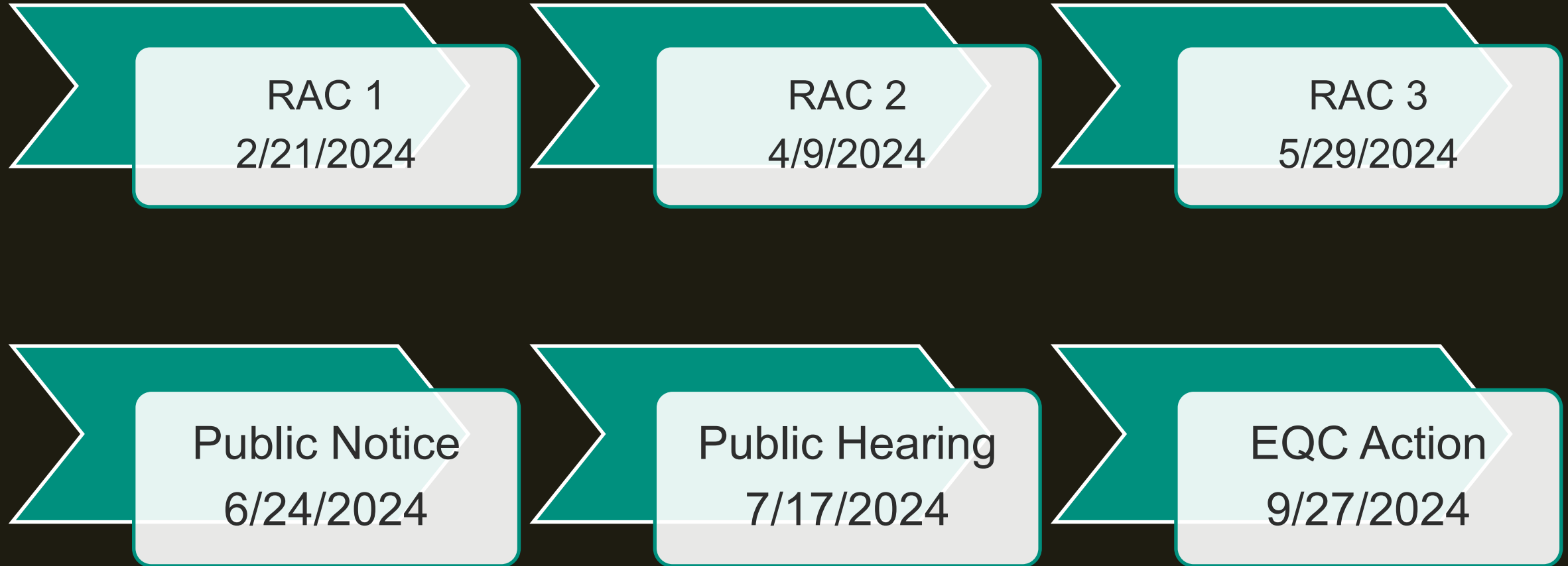
Rebate Process Overview



ZERO Fleet Program Implementation

- HB 3409 provides \$3M, EPA's Climate Pollution Reduction Grant provides \$14M
 - If adopted, DEQ will launch program in early 2025
 - Expect all funds to be expended by the end of 2027
 - Anticipate in-house DEQ administration and a small contract with an IT provider to establish an online application and data handling

Rulemaking Process and Timeline



Public Comments

- Oregon DEQ received 22 public comments
- Example comments:
 - Increase rebate amount to 30% of vehicle purchase price
 - Define program set asides by operational impacts
 - Limit rebates per entity per year
 - Combine vehicle rebates with charging infrastructure incentives
- Oregon DEQ does not propose rule changes from comments

Fiscal and Racial Equity Impacts

- As an incentive program the proposed rules are not anticipated to create negative economic impacts for any entity.
- DEQ estimates that proposed rules will advance racial equity in the state by reducing greenhouse gas emissions from trucks and buses in Oregon, with an emphasis in areas that face disproportionate burdens from air pollution.

Proposed EQC Motion Language

“I move that the Environmental Quality Commission adopt the proposed rule amendments in Attachment A as part of chapter 340 of the Oregon Administrative Rules.”

Title VI and alternate formats

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Contact: 800-452-4011 | TTY: 711 | deqinfo@deq.oregon.gov