

Zero-Emission Freight and Marine Project Summary of Appendix D-4 Funding Requests

The California Air Resources Board (CARB) is submitting the attached four funding requests (D-4s) covering all potential Eligible Mitigation Actions (EMAs) under California's Zero-Emission Freight and Marine Projects, a funding category specifically identified in the State's Beneficiary Mitigation Plan (Plan). Each D-4 represents one of the following EMAs:

	Estimated Equipment Amount from Trust	Estimated Admin Amount from Trust	Estimated Total Amount from Trust
EMA 4: Ferries/Tugs	\$17,697,300.00	\$1,808,363.87	\$19,505,663.87
EMA 5: Ocean Going Vessels Shorepower	\$15,100,750.00	\$2,076,231.00	\$17,176,981.00
EMA 7: Airport Ground Support Equipment	\$520,400.00	\$171,910.77	\$692,310.77
EMA 8: Forklifts and Port Cargo Handling Equipment	\$36,681,550.00	\$5,567,927.36	\$42,249,477.36

California's Plan allocates \$70 million in vehicle and equipment funding for Zero- Emission Freight and Marine Projects, an additional 15 percent allocation for administrative costs. In total, the attached D-4s budget \$70 million for vehicle and equipment funding and \$9,624,433 for administrative costs, for an overall project funding category total of \$79,624,433.

Each D-4 is a stand-alone funding request, as required by the Trustee. As stated in CARB's Plan, the third-party administrator will conduct one or more solicitations with funding available statewide. CARB has developed a funding scenario that takes into account the zero-emission technology readiness for these heavy-duty applications; their current market demand; the cost-effectiveness of each of the four EMAs; the regulatory requirements already in place for each; demand for equipment; and funding available through other CARB-implemented programs. The individual D-4s represent the estimates based on that funding scenario.

Developing the Zero-Emission Freight and Marine Projects program is a labor-intensive process, which includes, but is not limited to, conducting a public process, meetings, and outreach; developing solicitation materials; and scoring applications. This results in administrative costs for every potential EMA, regardless of whether or not the EMA is ultimately funded. However, once projects are selected following the solicitations, CARB will amend the D-4s as necessary. For any EMAs that are not selected, CARB will ensure that any unspent administrative costs previously disbursed from the Trust will be returned, and new funding requests for the appropriate EMAs will be submitted.

CARB requests that all four of the attached D-4s be processed simultaneously if possible. This will help us and the third-party administrator in tracking the pending requests and keeping the D-4s for this multiple-EMA project funding category together.

May 2026

APPENDIX D-4
Beneficiary Eligible Mitigation Action Certification

BENEFICIARY ELIGIBLE MITIGATION ACTION CERTIFICATION

Beneficiary State of California

Lead Agency Authorized to Act on Behalf of the Beneficiary California Air Resources Board (CARB)
(Any authorized person with delegation of such authority to direct the Trustee delivered to the Trustee pursuant to a Delegation of Authority and Certificate of Incumbency)

Action Title:	ZE Freight/Marine - Ferries/Tugs
Beneficiary's Project ID:	BAAQMD - ZE Freight/Marine - Ferries/Tugs
Funding Request No.	(sequential) 3
Request Type: (select one or more)	☐ Reimbursement ☐ Advance ☒ Other (specify): <u>Reallocation of funds from EMA 4 to EMA 8</u>
Payment to be made to: (select one or more)	☐ Beneficiary ☒ Other (specify): <u>Bay Area Air Quality Management District (BAAQMD)</u>
Funding Request & Direction (Attachment A)	☐ Attached to this Certification ☒ To be Provided Separately

SUMMARY

Eligible Mitigation Action ☒ Appendix D-2 item (specify): <u>4</u> Action Type ☐ Item 10 - DERA Option (5.2.12) (specify and attach DERA Proposal):
Explanation of how funding request fits into Beneficiary's Mitigation Plan (5.2.1): See attached
Detailed Description of Mitigation Action Item Including Community and Air Quality Benefits (5.2.2): See attached
Estimate of Anticipated NOx Reductions (5.2.3): See attached
Identification of Governmental Entity Responsible for Reviewing and Auditing Expenditures of Eligible Mitigation Action Funds to Ensure Compliance with Applicable Law (5.2.7.1): See attached
Describe how the Beneficiary will make documentation publicly available (5.2.7.2). See attached
Describe any cost share requirement to be placed on each NOx source proposed to be mitigated (5.2.8). See attached
Describe how the Beneficiary complied with subparagraph 4.2.8, related to notice to U.S. Government Agencies (5.2.9). See attached

If applicable, describe how the mitigation action will mitigate the impacts of NOx emissions on communities that have historically borne a disproportionate share of the adverse impacts of such emissions (5.2.10).
See attached

ATTACHMENTS
(CHECK BOX IF ATTACHED)

- | | | |
|-------------------------------------|---------------------|---|
| ☐ | Attachment A | Funding Request and Direction. |
| ☒ | Attachment B | Eligible Mitigation Action Management Plan Including Detailed Budget and Implementation and Expenditures Timeline (5.2.4). |
| ☒ | Attachment C | Detailed Plan for Reporting on Eligible Mitigation Action Implementation (5.2.11). |
| ☒ | Attachment D | Detailed cost estimates from selected or potential vendors for each proposed expenditure exceeding \$25,000 (5.2.6). [Attach only if project involves vendor expenditures exceeding \$25,000.] |
| ☐ | Attachment E | DERA Option (5.2.12). [Attach only if using DERA option.] |
| ☐ | Attachment F | Attachment specifying amount of requested funding to be debited against each beneficiary's allocation (5.2.13). [Attach only if this is a joint application involving multiple beneficiaries.] |

CERTIFICATIONS

By submitting this application, the Lead Agency makes the following certifications:

1. This application is submitted on behalf of Beneficiary State of California, and the person executing this certification has authority to make this certification on behalf of the Lead Agency and Beneficiary, pursuant to the Certification for Beneficiary Status filed with the Court.
2. Beneficiary requests and directs that the Trustee make the payments described in this application and Attachment A to this Form.
3. This application contains all information and certifications required by Paragraph 5.2 of the Trust Agreement, and the Trustee may rely on this application, Attachment A, and related certifications in making disbursements of trust funds for the aforementioned Project ID.
4. Any vendors were or will be selected in accordance with a jurisdiction's public contracting law as applicable. (5.2.5)
5. Beneficiary will maintain and make publicly available all documentation submitted in

support of this funding request and all records supporting all expenditures of eligible mitigation action funds subject to applicable laws governing the publication of confidential business information and personally identifiable information. (5.2.7.2)

DATED: 05/20/2026

Lucina Negrete, Assistant Division Chief

[NAME]

[TITLE]

L. Negrete

[LEAD AGENCY]

for

[BENEFICIARY]

BENEFICIARY ELIGIBLE MITIGATION ACTION CERTIFICATION

Beneficiary: State of California

Lead Agency: California Air Resources Board

Action Title:	ZE Freight/Marine– Ferries/Tugs
Beneficiary's Project ID:	BAAQMD – ZE Freight/Marine – Ferries/Tugs
Funding Request No.	(<i>sequential</i>) 3

SUMMARY

Explanation of how funding request fits into Beneficiary's Mitigation Plan (5.2.1):

California developed a Beneficiary Mitigation Plan (Plan) with valuable public input with a priority to fully mitigate the excess NO_x caused by Volkswagen's illegal actions while furthering the State's progress toward its zero-emission vehicle and climate protection goals. The Plan specifically identifies zero-emission freight and marine projects as a project funding category for the State's Environmental Mitigation Trust allocation. Within that project funding category, the Plan specifically identifies ferry, tugboat, and towboat engine repowers to zero-emission technologies as an eligible project type. Note that the Plan's funding category also includes other zero-emission freight Eligible Mitigation Actions (EMAs), which will be solicited together with this EMA, but for which separate D-4s will be submitted. This funding request for zero-emission ferry, tugboat, and towboat repowers is part of the overall program to replace older freight and marine equipment with zero-emission technologies. These actions will support early adoption of zero-emission and zero-emission enabling technologies while reducing community health impacts from large freight facilities. The Plan allocates \$70 million in equipment funding for the project funding category with up to an additional 15 percent allocation for administrative costs.

Detailed Description of Mitigation Action Item Including Community and Air Quality Benefits (5.2.2):

Ferry, tugboat, and towboat owners will be offered funding opportunities to scrap and replace older internal combustion vessel engines with zero-emission technologies. California will provide funding opportunities via multiple solicitations. The Bay Area Air Quality Management District (BAAQMD) will administer the funding statewide with CARB providing program and fiscal oversight. As stated above, administrative costs will not exceed 15 percent.

Only vessels that are compliant with regulations at the time of application are eligible for funding. The vessel repowers funded in this category will reduce NO_x emissions, diesel particulate matter, greenhouse gases, and other harmful pollutants. Funding in this category is expected to help drive wide-scale adoption of zero-emission technologies in a sector that has typically relied on conventional diesel technologies. These deployments will help to act as models for other freight applications to encourage zero-emission transformation. The solicitations for this project will ensure that at least 75 percent of the overall equipment funds in this project funding category will go to projects that benefit disadvantaged or low-income communities.

Estimate of Anticipated NOx Reductions (5.2.3):

The funding for this project will result in an estimated 3,069 tons of NOx emission reductions for 7 ferry, tugboat, or towboat repowers over a 10-year period. There are potentially three other eligible mitigation actions (EMAs) that could also be funded within the funding category identified in California's Beneficiary Mitigation Plan, this estimation is the result of a funding scenario CARB developed for this Appendix D-4. The scenario takes into account the zero-emission technology readiness for heavy-duty applications; their current market demand; the cost-effectiveness of each of the four EMAs; the regulatory requirements already in place for each; and funding available through other CARB-implemented programs. The reductions resulting from this funding for zero-emission ferry, tugboat, and towboat repowers will be direct and surplus to regulatory requirements.

Identification of Governmental Entity Responsible for Reviewing and Auditing Expenditures of Eligible Mitigation Action Funds to Ensure compliance with Applicable Law (5.2.7.1):

California Air Resources Board (CARB)

Describe how the Beneficiary will make documentation publicly available (5.2.7.2):

As the lead agency acting on the Beneficiary's (California's) behalf, CARB has established a website for the State's implementation of its Trust allocation: <https://ww2.arb.ca.gov/our-work/programs/volkswagen-environmental-mitigation-trust-california>. The website includes the Beneficiary Mitigation Plan, an opportunity for the public to subscribe to an email list for announcements regarding Plan implementation, meeting schedules and materials, and information to assist funding applicants. CARB will additionally post to the website all approved funding requests, semi-annual reports to the Trustee, and annual reports to the State Legislature. CARB will provide access to all public records upon request unless the law provides an exemption from disclosure.

Describe any cost share requirement to be placed on each NOx source proposed to be mitigated (5.2.8):

Trust funds will provide up to \$3,000,000 for a ferry, tugboat, or towboat all-electric engine repower, including fuel cell technology. Actual equipment costs are higher than will be provided by the Trust, resulting in a substantial per-vessel cost share. As required by the Consent Decree, total Trust funding per vessel repower must not exceed 75 percent for non-government owned vessels and 100 percent for government owned vessels.

Describe how the Beneficiary complied with subparagraph 4.2.8, related to notice to U.S. Government Agencies (5.2.9):

On February 16, 2018, CARB emailed and mailed notification letters to the government agency contacts listed in subparagraph 4.2.8. Each notification letter included information on fund availability, a description of the administration process, and instructions on accessing more information via CARB's website and subscribing to CARB's email list to remain informed.

If applicable, describe how the mitigation action will mitigate the impacts of NOx emissions on communities that have historically borne a disproportionate share of the adverse impacts of such emissions (5.2.10).

Replacing older, high-emitting vessel engines with zero-emission technologies will result in improved ambient air quality and human health in communities located in nonattainment areas, in areas with historical air quality issues, and in disadvantaged or low-income areas that bear a disproportionate share of the air pollution burden. At the same time, this funding will provide benefits to the local economy and the welfare of residents in those communities. California Senate Bill 92 (Committee on Budgets and Fiscal Review, Chapter 26, Statutes of 2017) requires CARB to ensure that 35 percent of the State's Trust allocation benefit disadvantaged or low-income communities. As stated above, at least 75 percent of the overall equipment funds in this project funding category is expected to benefit disadvantaged or low-income communities.

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Attachment B

Eligible Mitigation Action Management Plan Including Detailed Budget and Implementation and Expenditures Timeline

Project Management Plan

Project Schedule and Milestones

Task	Start Date	Completion Date
Project Planning and Development	October 2017	June 2020
Solicit for Applications (includes outreach to potential applicants)	Fall 2019	October 2025
Application Selection for Projects to be Funded	December 2019	November 2025
Quarterly and Semi-Annual Reports	Every 3-6 months or when requesting additional funds, whichever is sooner, through completion of the project	
Generate Contracts for Selected Applicant(s)	December 2019	June 2026
Repeat Solicitation and contracts with selected applicant(s) as needed if unspent direct project funds remain	Summer 2026	October 2027
Project monitoring, inspections, oversight	December 2019	October 2032
Final Report		October 2032

Project Budget

Period of Performance: Oct 2017 - October 2032			
Category	Total Approved Budget	Share of Total Budget to be Funded by the Trust	Cost Share (if applicable)
Equipment	\$17,697,300.00	\$17,697,300.00	
BAAQMD Administrative Costs Program development, outreach, administration	\$1,769,730.00	\$1,769,730.00	
CARB Administrative Costs Program planning, development, oversight	\$38,633.87	\$38,633.87	
Total	\$19,505,663.87	\$19,505,663.87	

The above estimate assumes that 7 ferry, tugboat, or towboat vessel repowers will be funded. The budgeted equipment funds above will provide up to \$3,000,000 for a ferry, tugboat, or towboat all-electric engine repower, including fuel cell technology. Remaining equipment costs come from other sources. As required by the Consent Decree, total Trust funding per vessel repower will not exceed 75 percent for non-government owned units and 100 percent for government owned units. California's Beneficiary Mitigation Plan specifies this project funding category will be solicited in multiple solicitations. The first drawdown of funds for 2019 included administrative costs for program planning, development, outreach, solicitations, and application scoring for the first solicitation. Equipment costs and additional administrative costs will be requested in subsequent drawdowns.

Budget Attachment

EMA 4 - Ferries/Tugs	Est. Number of Units	Equipment Funds from Trust	Estimated Cost Share	Est. Total Equipment Cost					
	7	\$ 17,697,300	\$ 1,250,000	\$ 18,947,300					
BAAQMD Estimated Administrative Costs									
	2018-May 2026	2026	2027	2028	2029	2030	2031	2032	Total
Estimated costs (including indirect costs for admin, supplies, facilities, outreach, subcontracts, workshops, media, meetings, travel, etc.)	\$ 1,769,730.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,769,730.00
Total BAAQMD Estimated Admin	\$ 1,769,730.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,769,730.00
CARB Estimated Administrative Costs									
	2018-April 2026	2026	2027	2028	2029	2030	2031	2032	Total
Estimated Staffing Costs (including indirect costs for admin, supplies, facilities, travel, etc.)	\$ 38,633.87	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,633.87
Total CARB Estimated Admin	\$ 38,633.87	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,633.87
Total Combined Estimated Admin	\$ 1,808,363.87	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,808,363.87
Total Estimated Trust Funds (Equip + Admin)									\$ 19,505,663.87

Attachment C

Detailed Plan for Reporting on Eligible Mitigation Action Implementation (5.2.11)

As the Lead Agency acting on California's behalf, CARB will provide reporting on eligible mitigation action implementation in three ways: 1) semi-annual reports to the Trustee as required by subparagraph 5.3 of the Environmental Mitigation Trust Agreement for State Beneficiaries; 2) annual reports to the State Legislature as required by California Senate Bill 92 (Committee on Budgets and Fiscal Review, Chapter 26, Statutes of 2017); and 3) timely updates to CARB's Mitigation Trust implementation website at <https://ww2.arb.ca.gov/our-work/programs/volkswagen-environmental-mitigation-trust-california>.

Attachment D

Detailed cost estimates from selected or potential vendors for each proposed expenditure exceeding \$25,000 (5.2.6)

Equipment Category	Estimated Cost
All-Electric Ferry/Tugboat/Towboat Repower	\$3,000,000- \$5,000,000

Cost estimates are per unit were provided by technology providers and from information received for other CARB-implemented funding programs and regulations.