

SCAG Last Mile Freight Program (LMFP) – INVEST CLEAN Measure 2.2 Program Announcement & Solicitation

LMFP Rebate Program for Battery-Electric Class 4 and Class 5 Commercial Vehicles

SCAG, in partnership with the South Coast Air Quality Management District (South Coast AQMD), will be administering INVEST CLEAN incentive Measure 2.2. This incentive measure offers a rebate program open to fleets involved in last mile freight through the commercial deployment of Class 4 and 5 vehicles and will be administered as a separate component through SCAG's existing LMFP. The rebate program supports purchase, conversion, and deployment of battery-electric Class 4 and Class 5 commercial vehicles operating within the Los Angeles – Long Beach – Anaheim and Riverside – San Bernardino – Ontario Metropolitan Statistical Areas (MSAs).

Program Funding Source

This LMFP rebate program is funded through a \$50 million sub-award to SCAG from the South Coast AQMD, made possible by funding from the U.S. Environmental Protection Agency (EPA). SCAG's funding supports the deployment of medium-duty zero-emission vehicles across the region, with a focus on last mile freight operations.

Who Should Apply

Fleet owners and operators using medium-duty commercial vehicles (Class 4-6) for last mile freight, including and not limited to business-to-business distributors, business-to-consumer delivery providers, and other local and regional logistics operators. Class 4, 5, and 6 diesel vehicles are eligible for replacement with a battery-electric vehicle through this program. However, any new battery-electric vehicle or conversion of an existing vehicle must be Class 4 or 5, exclusively.

Rebate Amount

On September 4, 2025, SCAG's Regional Council approved the Program Announcement & Solicitation for the LMFP Rebate Program including \$50 million for battery-electric Class 4 and 5 vehicles. Each eligible Class 4 and 5 vehicle approved under this program may receive up to \$67,000 in rebate funding. Funds will be issued post-purchase upon vehicle delivery and are contingent upon submission of complete documentation and verification of compliance with all LMFP rebate program requirements. See Attachment 1 for Online Application Requirements Checklist.

Cash for Replacement

Applicants may receive a maximum of \$67,000 for each battery-electric Class 4 and 5 vehicle rebate by providing an existing vehicle(s) to a dealership, OEM, or dismantler approved by CARB or the local air district. Each existing vehicle must be diesel powered and fall within Class 4, 5, or 6 vehicle classes with an engine model year from 2010 or newer. Additionally, 12 previous rolling months of vehicle registration, insurance documentation, and usage records (at least two odometer readings with date of readings) will be required. Additional documentation, including but not necessarily limited to documentation of operation within one or both of the MSAs, may be required. The program will ensure that a majority (51 percent minimum) of purchases are replacements or conversions of existing diesel vehicles. As such, priority consideration will be given to applicants offering a one-to-one replacement of diesel vehicles/engines for each new battery electric vehicle (BEV) purchased.

Vehicle Conversion Option

In addition to new vehicle purchases, the program also supports the conversion of existing Class 4 and 5 diesel-powered vehicles with an engine model year of 2010 or newer to battery-electric power. The conversion of an existing diesel-powered vehicle to battery-electric power constitutes a one-to-one diesel vehicle replacement. Note that, although the program allows for Class 6 diesel vehicles to be replaced through the purchase of new Class 4 and 5 battery-electric vehicles, only Class 4 and 5 diesel vehicles can opt into the vehicle conversion option.

Applicants opting for vehicle conversion will receive rebates of up to \$67,000 per vehicle. Documentation including 12 previous rolling months of vehicle registration, insurance documentation, and usage records with at least two dated odometer readings will be required for each existing vehicle. Additional documentation including, but not necessarily limited to, documentation of operation within one or both of the MSAs may be required.

As a condition of funding, the original diesel engine must be permanently removed and destroyed as part of the conversion process. Engines may either be dismantled by the conversion provider or delivered to a certified dismantler approved by CARB or the local air district. Documentation such as photos of engine destruction or a formal certificate of dismantling must be provided.

Participant Commitments

- Enter into a formal written contract or partnership agreement with SCAG
- Be available for a follow-up inspection, if requested
- Register the new vehicle(s) with the State Department of Motor Vehicles
- Maintain required insurance during the rebate term, consistent with the program duration
- Operate the vehicle a minimum of 5,000 miles per year within the Los Angeles–Long Beach–Anaheim and Riverside–San Bernardino–Ontario MSAs for a minimum of 60 months from delivery date

- Ensure vehicle is operated and maintained with proper maintenance during the rebate term
- Submit semi-annual progress reports for 60 months after receiving the rebate
- Data collection requirements (to be completed through formal agreement):
 - Requires selected applicants to ensure the necessary environmental information and other data to evaluate project performance is provided.
 - The data will be collected in real-time or through telematic equipment.
 - Selected applicants must ensure performance data is properly provided and equates to the usage requirements in the agreement.
 - The right is reserved to verify information provided.
- Award & Rebate Process
 - If the rebate does not cover the entire cost of the vehicle, the rebate program beneficiary can use other funds to complete the purchase. These funds must be non-federal funds.

Application & Selection Process

Online applications will be accepted beginning October 31, 2025 and will run through January 30, 2026. To be eligible for rebate selection, applicants must provide and comply with all items listed in Attachment 1 – Online Application Requirements Checklist.

Applications will be reviewed on a rolling basis throughout the submission period. Applications will be assessed based on compliance with program requirements, project feasibility, and potential to achieve regional air quality and emissions reduction benefits. SCAG staff will notify applicants if their applications are incomplete or require clarification so that applicants have an opportunity to provide missing information before the submission period closes.

Once the submission window has closed, SCAG will reevaluate applications collectively to ensure that a majority (51 percent minimum) of purchases are replacements/conversions of existing diesel vehicles.

All eligible applicants will be considered, but SCAG will use a tiered system to rank projects based on vehicle replacement levels, “shovel-ready” vehicle acquisition plans, projected emissions benefits, and geographic funding balance. Funding preference will be given to higher-tier projects to maximize regional air quality outcomes.

The tiered system is designed to provide transparency and consistency in the selection process while ensuring that rebate awards achieve the greatest possible impact. Projects are grouped into three tiers, with Tier 1 representing those that most closely align with program priorities, such as replacing higher-mileage vehicles with newer battery-electric technologies, demonstrating readiness for immediate deployment, and supporting balanced distribution of funding across the region. Tier 2 projects exceed baseline standards exceeding key air quality objectives and maintaining geographic funding balance, while Tier 3 projects meet all minimum program requirements but may be awarded funding only after higher-tier projects have received higher priority awards.

This structure allows SCAG to prioritize investments in projects with the strongest attributes to meet program requirements for regional emissions reductions.

TIER 1 – HIGH PRIORITY

- Vehicle Replacement: One-to-one replacement of diesel vehicles/engines for each new BEV purchased/converted.
- Replaced Vehicle Age + Mileage:
 - o 2010-2014 vehicles with $\geq 20,000$ annual miles
 - o 2015+ vehicles with $\geq 30,000$ annual miles
- Project Readiness: Demonstrated shovel-ready acquisition (infrastructure in place or documented to be in place at vehicle delivery).
- Geographic Distribution: Supports geographic balance by filling underrepresented domicile counties/MSA.

TIER 2 – MEDIUM PRIORITY

- Vehicle Replacement: 70%-99.9% diesel replacement documented.
- Replaced Vehicle Age + Mileage:
 - o 2010-2014 vehicles with 10,000-19,999 annual miles
 - o 2015+ vehicles with 15,000-29,999 annual miles
- Project Readiness: Acquisition plans progressing but infrastructure still pending or conditional.
- Geographic Distribution: Applications from areas with moderate representation.

TIER 3 – BASELINE PRIORITY

- Vehicle Replacement: Meets minimum 51% diesel scrappage threshold.
- Replaced Vehicle Age + Mileage:
 - o Any 2010+ vehicle with 5,000-9,999 annual miles
- Project Readiness: Acquisition timeline uncertain; infrastructure still under development.
- Geographic Distribution: From overrepresented areas but still eligible if funds remain.

If an application meets only a portion of the requirements for placement within a particular Tier, it will be placed in the highest Tier for which it meets or exceeds all the requirements.

SCAG may also consider elements to prioritize projects and award rebates for applicants demonstrating higher degrees of performance based upon the proposed new vehicle(s), manufacturer(s), and dealership(s) as discussed in Attachment 1 – Online Application Requirements Checklist.

There is a possibility that, due to large program interest, applicants may be offered partial funding. In this scenario, to ensure that a majority (51 percent minimum) of purchases are replacements/conversions of existing diesel vehicles, applicants requesting diesel vehicle replacements below a one-to-one level may be asked to reduce the number of battery-electric vehicles to receive funding. If the program is oversubscribed, not all eligible applications may be funded.

Rebate recipients will be publicly announced no later than February 28, 2026. The program may reopen in July 2026 if funding remains available.

Rebate Process

Participants will be eligible to receive rebate funds after new/converted battery-electric vehicle(s) have been delivered into commercial operations, and (if applicable) corresponding existing vehicle(s) have been delivered and accepted by an approved dealer, OEM, or dismantler and documentation of dismantling of existing vehicles/engines has been provided to SCAG from the dealer, OEM or dismantler. Required documentation shall include but not be limited to the following:

- Inspection forms and digital photos for existing vehicle ready for dismantler documenting the following:
 - Vehicle from front (license plate, if available)
 - Vehicle Identification Number (VIN)
 - Engine serial number (ESN)
 - Cut in frame rails, if frame rails present
 - Hole in engine block
- Inspection forms and digital photos for replacement vehicle documenting the following:
 - Make and model
 - Vehicle from left side or right side
 - Vehicle front and back
 - Vehicle Identification Number (VIN)
 - Gross Vehicle Weight Rating (GVWR)
 - Odometer Reading
 - Engine tag

- Location of dismantler yard where the existing vehicle/engine will be destroyed
- Date the existing vehicle is delivered to or picked up by a dismantler
- Completed REG 42 (Report of Vehicle to Be Dismantled) with DMV-stamped validation or other completed DMV forms used to validate vehicle dismantling and junking.

Each application will have a four (4) month window from the effective date of their contract with SCAG to deliver a new Class 4 or 5 battery-electric vehicle entering commercial operations or the rebate will be rescinded and re-entered into the program for a subsequent online application process. Selected applicants will have a one-time two (2) month extension option in the event extenuating circumstances arise that justify the need for extra time. Notification to extend must be made a month in advance of the initial 4-month window.

Upon completion, the participant will submit an invoice to SCAG using an approved form with supporting documentation. Further directions for invoicing will be provided to recipients once they have been selected. As part of the submittal, the participant will submit the following documentation:

- Purchase invoices and/or signed sale agreements for the new vehicle(s) verifying that the eligible battery-electric unit(s) was sold to the program participant
- Copies of checks, wire transfers and/or financing documents documenting all payments for the invoiced amount charged by the dealership or equipment manufacturer
- (If applicable) Documentation verifying each existing vehicle/engine was delivered to an approved dismantler and destroyed
- Proof of new vehicle registration, insurance, and warranty information. Vehicle conversion projects are not required to provide new vehicle registration.

For more information, please email LMFP@scag.ca.gov.