

SLO County Clean Air Incentives Program

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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 Clean Air Incentive grant.

How much money is available?

For the 2025 funding year, there is just under \$900,000 available for Equipment Replacement Projects (agriculture or off-road construction) and agricultural engine electrifications. Additionally, there is \$250,000 available for school bus replacement and infrastructure projects. Additionally, the AB617 Community Air Protection program provides grant funds primarily for designated low-income communities throughout our county, and other funds may be made available from time to time by the APCD Board.

What types of projects are eligible?

Here are some general eligibility guidelines for repowers or replacements:

- Projects must produce real, quantifiable and enforceable emissions reductions;
- Emissions reduced must be surplus to applicable CARB regulations;
- Existing and replacement engines must be based in San Luis Obispo County;
- Existing engines must be rated at 20 hp or more for zero-emission projects or 25 hp or more for diesel replacements;
- At least 75% of the operation must be in California; and
- Research and development, certification testing and training are not eligible for funding.

Electric Vehicle (EV) Battery Charging Station project eligibility:

- New, conversion of existing, or expansion of existing non-residential level 2 or higher battery charging stations;
- Chargers must be shared-use (available to multiple vehicles and users); and
- Except for multi-unit dwellings, residential properties are ineligible for funding regardless of their use as a place of business.

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.

- A limited number of agricultural irrigation pump engines (contact the APCD before applying).
- Off-road spark ignition (gasoline, natural gas or propane) engines may be eligible.
- Electric agricultural tractors

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 CARB 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 stationary 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, reduced voltage starting and certain peripheral equipment and infrastructure may be eligible for grant funding – call the APCD.

Replacements: Costs of purchasing new off-road equipment to replace older, higher-polluting equipment, which will be junked.

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. Projects will be funded at either the maximum cost-effective amount, or at the maximum category funding level allowed in the RFP and the Applicable Guidelines (up to 65% of eligible project expenses for most projects), whichever is less. There is a maximum award of up to \$100,000 per applicant for Equipment Replacement Projects. See the applications for the various project types on the APCD [SLO County Clean Air Incentives](#) 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 CARB. Regulations require older engines to be retrofit with emission reduction systems or replaced by a given deadline, which varies with the type and size of engine. Grant award amounts 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. For most projects, we are not allowed to pay for emission reductions that are required by a regulation, so projects require at least one year of surplus; that is, the project must be completed at least one full year 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, subject to a discount rate (currently 4% per year for 2025). 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 allowed by the Moyer Guidelines is adjusted annually (see the appendix C of the guidelines):

<https://www.arb.ca.gov/msprog/moyer/guidelines/current.htm>). Other funding sources may have different CE limits.

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 not cover the full cost to implement the project. Grantee costs will be at least 35% of the cost of the grant-funded equipment, and may be substantially more, 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 [SLO County Clean Air Incentives](#) page. To have an application form mailed to you, contact the APCD at 805-781-5912. APCD staff will review your application and if it is found incomplete or inconsistent with APCD or state program guidelines, staff will contact you and ask for revised or supplemental information. Typically, 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 made as a reimbursement after you have purchased the grant-funded equipment and will only be made after the APCD post-inspection to verify that the project was implemented in accordance with the Grant Agreement.

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. Grant funds are available for the purchase of alternative-fueled or zero-emission vehicles and equipment. Funding is also available for zero-emission vehicle charging infrastructure, such as electric vehicle charging stations or hydrogen fuel stations that are open to the public or serve commercial or public fleets or multi-family residences.

What are the Grant Agreement terms and conditions?

All Carl Moyer Incentive 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 at an APCD-authorized salvage yard (except for infrastructure and retrofit-only projects). This destruction must be documented with an inspection.
- 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 will grant a security interest in the grant-funded equipment to the APCD and must keep usage and maintenance records and submit annual reports on usage of each engine or piece of equipment funded.

- The new engine/equipment must remain in service for the duration of 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, the grantee/owner will:
 - Maintain the engine/equipment according to the manufacturer's specifications;
 - Not tamper with 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 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?

It is the grant recipient's responsibility to determine their tax liability associated with their participation in the grant program. As required by the IRS, grantees will be issued 1099's at the end of the year.

How do I apply?

Application forms are available for download from the APCD website, [SLO County Clean Air Incentives](#) 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: Incentive Grants
 3433 Roberto Court
 San Luis Obispo, CA 93401

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
 LPG – Liquefied Petroleum Gas
 MOU – Memorandum of Understanding
 NOx – 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
San Luis Obispo County

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