MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan,
Chief Executive Officer

DATE: February 24, 2025

SUBJECT: NJ ZEV Financing Program

Request:

The Members of the Board are asked to approve:

1. The creation of the New Jersey Zero Emission Vehicle Financing Program ("NJ ZEV" or "Program"), a loan program to support the adoption and commercial or industrial use of medium and heavy duty zero emission vehicles in New Jersey;

2. The utilization of $25,500,000 from New Jersey Economic Development Authority's (NJEDA) allocation of the 2023-2025 Regional Greenhouse Gas Initiative (RGGI) auction proceeds to capitalize the NJ ZEV Financing Program as follows:
    a. $25,000,000 to be used for vehicle financing.
    b. $500,000 to be used for the procurement of telematics devices for vehicle compliance reporting.

3. Delegation of authority to the Chief Executive Officer to:

    a) Utilize up to $25,000,000 in additional RGGI funding as available to increase Program funding if application demand exceeds the initial $25,000,000.

    b) Approve individual applications to the NJ ZEV Program in accordance with the terms set forth in the attached product specifications.

Background:

The Regional Greenhouse Gas Initiative (RGGI) is a multi-state, market-based "cap-and-invest" program that establishes a regional cap on carbon dioxide (CO2) emissions from the electric power generation sector and therefore allowing for auctioning of emissions rights. States use the proceeds from the CO2 allowance auctions to invest in programs to help further reduce CO2 and other greenhouse gas pollution, spur clean and renewable energy, and provide rate relief on energy bills.

Through its participation in RGGI auctions and fixed price allowance sales held between 2020 and 2022, New Jersey received funding that totaled approximately $372 million. In 2023, RGGI auctions and fixed price sales resulted in over $194 million in funding to the State.

Three agencies, New Jersey Department of Environmental Protection ("NJDEP"), New Jersey Board of Public Utilities ("NJBPU"), and New Jersey Economic Development Authority ("NJEDA"), collaborate on the creation of New Jersey's RGGI Strategic Funding Plan, which identifies how the RGGI auction proceeds will be utilized over 3-year funding periods.

Per the 2023 Funding Plan, the State will deploy RGGI funds for 2023-2025 within four initiative categories, of which Initiative Two is relevant to NJEDA in relation to this Program: Catalyze Clean, Equitable Transportation.

New Jersey's RGGI funds allocation is governed by the Global Warming Solutions Fund Act (P.L. 2007, c. 340). By statute, proceeds from auctions are deposited into the Global Warming Solutions Fund. After administration fees are deducted from the pool, NJEDA receives 60% of the remaining funding for programming (focus area: commercial, institutional, and industrial entities). NJBPU and NJDEP each receive 20% of the remaining funding for programming (focus areas, respectively: low income and moderate income residential; and local government, forests, and tidal marshes).

Program Details:

Initiative Two of the 2023-2025 RGGI Funding Plan aims to continue work begun during the 2020-2022 Plan in prioritizing proceeds for vehicle electrification programs necessary to continue to reduce emissions from the transportation sector, the largest source of greenhouse gas emissions in the State. This includes building on the success of the NJEDA's Zero Emission Incentive Program ("NJ ZIP"), a voucher program to support the adoption of commercial and industrial use medium and heavy duty zero emission vehicles.

NJ ZEV is a loan program to provide financing for commercial and industrial vehicle operators to adopt zero emission vehicles instead of typical combustion vehicles. This Program complements the NJ ZIP program by offering financing for vehicle costs that may not be met by NJ ZIP vouchers or other grant funding available via other sources. However, participation in the NJ ZIP program is not required for a vehicle purchaser to obtain a ZEV loan. A ZEV loan can be obtained independently.

The NJ ZEV Financing Program offers low-interest rate loans—recognizing the cost premium often inherent in adopting zero emission vehicles instead of utilizing standard combustion engine options. NJ ZEV Financing seeks to deploy RGGI funding quickly and efficiently towards commercial and industrial entities seeking electric vehicles, focusing on commercial and industrial use medium-and-heavy-duty

vehicles. This Program will also help fill a financing gap that has been demonstrated by some NJ ZIP applicants who have been unable to find financing for the cost of the vehicle not met by voucher amounts. An initial total of $25,000,000 is available via the Program from 2023-2025 RGGI project funds. The minimum loan commitment amount is set at $50,000 and capped at 100% of eligible vehicle costs up to $500,000 per loan.

Eligibility:

Eligibility Criteria for Applicants:

- The NJ ZEV Program will be open to commercial and industrial organizations registered in New Jersey.
- Applicant must meet NJ ZEV loan underwriting criteria.
- The Applicant must also be in substantial good standing with the New Jersey Department of Labor and Workforce Development (DOL) and NJDEP to be eligible for NJ ZEV financing. A current tax clearance certificate will need to be provided prior to application approval to demonstrate the applicant is properly registered to do business in New Jersey and in substantial good standing with the NJ Division of Taxation. A valid Applicant tax clearance certificate also is required prior to closing and disbursement of funds.
- Applicants must have existing charging/hydrogen fueling infrastructure OR provide a detailed plan to construct or contract to construct charging/hydrogen fueling infrastructure OR identify compatible public charging infrastructure to be available for use for the vehicle(s) being financed.
- Satisfy the Authority's debarment/disqualification review and not be in default under any Authority program or have any outstanding obligations to the Authority.
- Applicants are not allowed to use NJ ZEV financing to purchase vehicles directly from themselves, related, or affiliated entities.

Eligibility Criteria for Zero Emission Vehicles:

- Only vehicles that would be eligible for vouchers under the NJEDA's third phase and future iterations of the NJ ZIP program are eligible for financing. This includes, but is not limited to, medium and heavy-duty battery-electric (BEV) and hydrogen fuel cell-electric (FCEV) vehicles.
- Applicant entity must own the vehicles being financed and purchased (not leasing vehicles from another entity).
- Only new vehicles used for commercial or industrial purposes are eligible for financing.
- Purchased, delivered, and registered (in compliance with New Jersey motor vehicle registration requirements) within eighteen months of receipt of commitment letter. Proof of such intent to purchase at time of application is required for eligibility. This will consist of a quote to the applicant from an approved program vendor for eligible vehicle(s).

Eligibility Criteria for Zero Emission Vehicle Vendors:

- Eligible vehicles can only be purchased from vendors approved by the Authority to participate in Phase three and future iterations of the NJ ZIP program.

Eligible Costs:

- Zero emission vehicle purchase price

Ineligible Costs include but are not limited to:

- Taxes
- Vehicle registration fees
- Delivery fees
- NJEDA fees
- Vehicle leases by the Applicant (vehicle must be owned by the Applicant)
- Vehicle operating expenses (electricity, hydrogen, maintenance/service costs, etc.)
- Charging or fueling equipment

Diversity, Equity, and Inclusion:

Per the New Jersey Environmental Justice Law, P.L. 2020, c.92, Overburdened Communities (OBCs) are Census block groups with at least 35 percent low-income households; or at least 40 percent of the residents identifying as minority or as members of a State recognized tribal community; or at least 40 percent of the households having limited English proficiency. Census block groups with zero population and located immediately adjacent to an OBC are labeled as "Adjacent."

The NJ ZEV Program is structured to prioritize the reduction of emissions in New Jersey designated OBCs and Adjacent communities by setting aside Program funding for zero emission vehicles to be used in these areas. For the first year following application launch, $15M of the total $25M Program funding will be set aside for Overburdened Community Applicants. Overburdened Community Applicants are defined as follows.

1. The Applicant organization's business address (property can be owned or leased) is located within an Overburdened Community or formally designated Adjacent Community;

AND

2. The Applicant commits to registering new vehicles financed via the NJ ZEV Program to an Applicant's business located within an Overburdened Community or formally designated Adjacent Community.

If the funding set-aside for OBC applicants is not fully utilized within the first year that applications open, remaining funding will become available for all eligible applicants (both OBC and non OBC qualified).

Loan Terms & Rates:

The NJ ZEV Financing Program will make available direct loans between $50,000 and $500,000. The loan funds can be used for the purchase of one or multiple zero emission vehicles eligible under the Program. Each entity is only allowed one new NJ ZEV loan per entity (unique EIN) per calendar year.

The Authority will finance up to 100% of eligible vehicle purchase price with NJ ZEV loans.

The Authority will require Applicants to provide proof of insurance for the vehicle value listing NJEDA as additionally insured. In addition, the Authority will file a lien for all vehicles being financed under the Program.

The interest rate for the loan will be one half of the US Treasury 5-Year Rate, plus an additional risk-based credit spread determined at time of application approval in accordance with NJEDA Underwriting Standards.

Loan terms will be 5-years (60 months), beginning upon submission of proof of purchase, delivery, and registration of the financed vehicle. If the applicant has purchased multiple vehicles that will be delivered on separate dates, the loan tenor will begin on the purchase, delivery, and registration of the first vehicle. The loan term will be fixed at 5-years from the purchase, delivery, and registration of the first vehicle and will not be adjusted upon purchase, delivery, and registration of any subsequent financed vehicles.

By signing the Loan Agreement, the Applicant agrees to permit the use by NJEDA of Applicant and vehicle data and information that is provided in the application and during Program participation, and that is not otherwise prohibited by law, for case studies and to support the development of future versions of this Program, or future alternative programs.

Following vehicle purchase, delivery, and proof of vehicle registration, the Applicant will be required to do the following over a 3-year period for each vehicle financed:

1. Maintain ownership and active vehicle registration in New Jersey.
2. Provide annual reporting of summarized vehicle miles traveled (VMT) data captured via telematics devices provided to the Applicant through NJEDA's supplier OR through other approved Applicant/Vendor provided devices capable of supplying equivalent and compatible data at no cost to the Authority. All borrowers of the NJ ZEV Program must operate 75% of annual VMT for each vehicle within the State of New Jersey.

If an Applicant is already required to utilize a State-owned telematics device for compliance reporting for NJ ZIP or another program, an additional telematics device will not be required.

Vehicles are not permitted to be sold during the 3-year compliance period. Following completion of the vehicle's 3-year compliance period, Applicants will have the ability to sell the vehicle. However, any outstanding loan balance relevant to that vehicle must be paid in full for the Applicant to have clear title to the vehicle and complete the potential sale. The only exception will be sale/scrappage for vehicle(s) deemed either permanently inoperable or beyond repair by a disinterested, qualified 3rd party such as a licensed New Jersey vehicle dealer, licensed mechanic, or representative of a vehicle insurance provider. Sale or insurance proceeds must be used for outstanding loan balance.

If an applicant defaults on the loan by failing to make payments, standard Authority default procedures will be utilized.

Application Process:

Applications will be accepted on a rolling basis. The application will remain open until all available funding is reserved or until three (3) years after the date of application launch, whichever is sooner. If following the initial reservation of all program funds, previously reserved funding becomes available due to applicants not utilizing funding reservations, the application may be re-opened.

Applicants will indicate the requested loan amount in their application and will provide quotes/cost estimates for vehicle costs from pre-approved vehicle vendors to support the requested loan amount.

Applicants will be evaluated to make sure the proposed vehicle purchase and their financial credentials meet the minimum Program requirements for loan eligibility and Program underwriting criteria.

Applications will enter the completeness and eligibility review process in the order in which they are received.

Applicants will be provided a 10-business day cure period to correct submission deficiencies identified by staff to be incomplete or incorrect. At the sole discretion of the Authority, staff may ask for additional information or clarification of the information included in the application, including, but not limited to, responses, documentation, and attachments. Applicants that are non-responsive to NJEDA requests for additional information will be notified by NJEDA staff via email that the application will be administratively withdrawn and not advance. If an Applicant responds but is unable to provide the requested additional information, the application will be declined with a right to appeal.

For applications that are approved under delegated authority, applicants will be issued a commitment letter with a maximum amount of funding available to the Applicant. This commitment letter will be valid for 18 months from date of issuance.

NJ ZEV commitment amounts will not be increased following issuance of letter of commitment, and the Applicant will be responsible for any potential increase in vehicle purchase price beyond the approved loan amount. If the Applicant chooses to reduce the number of vehicles being financed following application approval/receipt of a commitment letter or closing (purchase fewer vehicles than originally proposed in their application), the disbursement of funds will be reduced accordingly, and any remaining funds originally committed to the Applicant's loan will be returned to the Program pool for use by others.

Disbursement Process:

Applicants will have 18 months from issuance of a commitment letter to receive and register the financed vehicle(s). Disbursements will be made upon submission of proof of vehicle purchase, delivery, and registration. Loan funds will be disbursed directly to the vehicle dealer, which must be a participating vendor under the phase three of the NJ ZIP program and future phases.

If the project has multiple vehicles being delivered to the Applicant in separate instances, the funding will be disbursed accordingly to the vendor in separate disbursements upon each purchase, delivery, and registration, based on the relative cost of each vehicle delivered.

At the conclusion of 18 months, no additional loan funds will be disbursed to the vehicle vendor, for vehicles purchased after the 18-month reservation period. The borrower will be responsible for any costs incurred beyond this window.

Delegated Authority:

The Members are requested to approve delegated authority to approve individual applications to the NJ ZEV Program in accordance with the terms set forth in the attached product specifications.

Entities whose applications are denied will have the right to appeal. Appeals must be filed within the timeframe set in the declination letter (which must be at least 10 business days). The Director of Legal Affairs will designate Hearing Officers who will review the applications, the appeals, and any other relevant documents or information. The Hearing Officer will recommend an administrative decision. Delegated authority is requested to accept final administrative decisions prepared by a Hearing Officer for appeals based on solely non-discretionary reasons.

In addition, delegated authority is requested to utilize up to $25,000,000 in additional RGGI funding as available to increase Program funding if application demand exceeds the initial $25,000,000.

Program Funding

The NJ ZEV Program will be funded from 2023-2025 RGGI project funding available to NJEDA under the 2023-2025 Funding Plan.

The total RGGI-funded Program budget will be $25,000,000 for loan financing, with the option to utilize up to an additional $25,000,000 in RGGI funding as available.

Up to $500,000 will be used for the procurement of telematics devices for vehicle compliance reporting.

Minimum loan size per project will be $50,000. Maximum loan size per project will be $500,000.

Administrative costs for the Program will be covered under RGGI administrative funding that is available to NJEDA independently from RGGI project funding.

Fees:

NJEDA will charge applicants the following fees unique to the NJ ZEV Program given the availability of RGGI administrative funding to cover Program administrative costs:

- Application fee: Non-refundable $250 fee paid at time of Application submission
- Commitment fee: Non-refundable $250 fee paid prior to NJEDA issuing a commitment letter

Recommendation:

The Members of the Board are asked to approve:

1. The creation of the NJ ZEV (Zero Emission Vehicle) Financing Program, a loan program to support the adoption and commercial or industrial use of medium and heavy duty zero emission vehicles in New Jersey;

2. The utilization of $25,500,000 from New Jersey Economic Development Authority's (NJEDA) allocation of the 2023-2025 Regional Greenhouse Gas Initiative (RGGI) auction proceeds to capitalize the NJ ZEV Financing Program as follows:
    a. $25,000,000 to be used for vehicle financing.
    b. $500,000 to be used for the procurement of telematics devices for vehicle compliance reporting.

3. Delegation of authority to the Chief Executive Officer to:

    a) Utilize up to $25,000,000 in additional RGGI funding as available to increase Program funding if application demand exceeds the initial $25,000,000.
    b) Approve individual applications to the NJ ZEV Program in accordance with the terms set forth in the attached product specifications.

_____
Tim Sullivan, CEO

Prepared by**:** Sean Sonnemann, Senior Project Officer, Clean Energy Products;

Attachments:
Appendix A – Proposed Product Specifications: NJ ZEV Financing Program
Exhibit A – NJ ZIP Phase 3 Board Memo

Appendix A **NJ ZEV Financing Program** **Specifications February 24, 2025**	
Funding Source	RGGI project funding available to NJEDA from the Regional Greenhouse Gas Initiative Funds (RGGI) under the 2023-2025 Funding Plan.
Program Purpose	To reduce operating greenhouse gas emissions from the transportation sector in the State by financing commercial or industrial use zero emission vehicle acquisitions. To accelerate the adoption of zero emission commercial and industrial vehicles within New Jersey.
Eligibility	Applicants: • The NJ ZEV Program will be open to commercial and industrial organizations registered in New Jersey. • Applicant must meet NJ ZEV loan underwriting criteria. • The applicant must also be in substantial good standing with the New Jersey Department of Labor and Workforce Development (DOL) and NJ Department of Environmental Protection (DEP) to be eligible for NJ ZEV. A current tax clearance certificate will need to be provided prior to application approval to demonstrate the applicant is properly registered to do business in New Jersey and in substantial good standing with the NJ Division of Taxation. A valid Applicant tax clearance certificate also is required prior to closing and disbursement of funds. • Applicants must have existing charging/hydrogen fueling infrastructure OR provide a detailed plan to construct or contract to construct charging/hydrogen fueling infrastructure OR identify compatible public charging infrastructure to be available for use for the vehicle(s) being financed. • Applicants are not allowed to use NJ ZEV financing to purchase motor vehicles from themselves, related, or affiliated entities. Vehicles: • Only vehicles that would be eligible for vouchers under the NJEDA's third phase and future iterations of the NJ ZIP program are eligible for financing. This includes, but is not limited to, medium and heavy-duty battery-electric (BEV) and hydrogen fuel cell-electric (FCEV) vehicles. • Applicant entity must own the vehicles being financed and purchased (not leasing vehicles from another entity). • Only new vehicles used for commercial or industrial purposes are eligible for financing • Purchased, delivered, and registered (in compliance with New Jersey motor vehicle registration requirements) within eighteen months of receipt of commitment letter. Proof of such intent to purchase at time of application is required for eligibility. This will consist of a quote to the applicant from an approved program vendor for eligible vehicle(s). Vendors: Eligible vehicles can only be purchased from vendors approved by the Authority to participate in Phase three and future iterations of the NJ ZIP program.

Appendix A NJ ZEV Financing Program Specifications February 24, 2025	
Diversity, Equity, and Inclusion	For the first year following application launch, $15M of the total $25M Program funding will be set aside for Overburdened Community Applicants. Overburdened Community Applicants are defined as follows. 1. The Applicant organization's business address (can be owned or leased) is located within an Overburdened Community or formally designated Adjacent Community. AND 2. The Applicant commits to registering new vehicles financed via the NJ ZEV Program to an Applicant's business located within an Overburdened Community or formally designated Adjacent Community. If the set-aside for OBC applicants is not fully utilized within the first year that applications open, remaining funding will become available for all eligible applicants (OBC and non OBC qualified).
Eligible Uses	Eligible Costs: • Zero emission vehicle purchase price Ineligible Costs include but are not limited to: • Taxes • Vehicle registration fees • Delivery fees • NJEDA fees • Vehicle leases by the Applicant (vehicle must be owned by the Applicant) • Vehicle operating expenses (electricity, hydrogen, maintenance/service costs, etc.) • Charging or fueling equipment
Application Process	Applicants will be evaluated to make sure the proposed vehicle purchase and their financial credentials meet the minimum Program requirements for loan eligibility and Program underwriting criteria. Applications will enter the completeness and eligibility review process in the order in which they are received. Applicants will be provided a 10-business day cure period to correct submission deficiencies identified by staff to be incomplete or incorrect. At the sole discretion of the Authority, staff may ask for additional information or clarification of the information included in the application, including, but not limited to, responses, documentation, and attachments. Applicants that are non-responsive to NJEDA requests for

Appendix A **NJ ZEV Financing Program** **Specifications February 24, 2025**	
	additional information will be notified by NJEDA staff via email that the application will be administratively withdrawn and not advance. If an Applicant responds but is unable to provide the requested additional information, the application will be declined with a right to appeal. **Step 1**: Applicant submits application to NJEDA, which shall include, among other items: • Organizational formation documents • Two (2) years of financial statements and federal tax returns • Valid New Jersey tax clearance certificate • Vehicle cost estimate: ○ Vendor quotes or similar retail price information for any vehicles to be purchased directly by the Applicant • Requested loan amount **Step 2**: After reviewing the submitted application materials, NJEDA will determine whether or not to approve the requested loan amount. If approved, staff will provide a commitment letter to the applicant with the loan amount for the project. NJEDA loan commitments will not be adjusted following notice of application approval, and the Applicant will be responsible for any potential increase in vehicle purchase price beyond the approved loan amount. **Step 3:** If the commitment has not expired, NJEDA will close the loan by executing a loan agreement and other necessary documents with the Applicant upon proof of vehicle purchase, delivery, and registration.
Underwriting Process	Standard NJEDA underwriting except for the following: • A minimum global debt service coverage ratio (GDSCR) of 1.00x for the applicant entity. If a 1.00x is not achieved based on the historical financial statements of the business and/or any recurring outside income of the owners, then the applicant may provide a projection and narrative assumptions that illustrate the ability to meet a minimum of 1.00x • No maximum Loan to Value Ratio (LTV) Applicants are required to provide personal guarantees per Standard NJEDA policy.
Loan Amounts	Minimum total loan amount of $50,000 per Applicant Maximum total loan amount of $500,000 per Applicant.
Rates & Terms	Tenor: 5-year (60 month) term, principal and interest repayment over 5-year period beginning following closing. If applicant has purchased multiple vehicles that will be delivered on separate dates, then the loan will have monthly payment amount adjusted following each

Appendix A NJ ZEV Financing Program Specifications February 24, 2025	
	disbursement, but the 5-year term beginning from time of closing will be applicable to all vehicles. Interest Rate: The interest rate for the loan will be one half of the US Treasury 5-Year Rate, plus an additional risk-based credit spread determined at time of application approval in accordance with NJEDA Underwriting Standards.
Collateral/Security	• Lien on zero emission vehicles financed via NJ ZEV • Proof of insurance for the vehicle value listing NJEDA as additionally insured
Fees	NJEDA will charge applicants the following fees unique to the NJ ZEV Program given the availability of RGGI administrative funding to cover Program administrative costs: • Application fee: Non-refundable $250 fee paid at time of Application submission • Commitment fee: Non-refundable $250 fee paid prior to NJEDA issuing a commitment letter
Compliance	Following vehicle purchase, delivery and proof of vehicle registration, the Applicant will be required to do the following over a 3-year period for each vehicle financed: 1. Maintain ownership and active vehicle registration in New Jersey. 2. Providing annual reporting of summarized vehicle miles traveled (VMT) data captured via telematics devices provided to the Applicant through NJEDA's supplier OR through other approved Applicant/Vendor provided devices capable of supplying equivalent and compatible data at no cost to the Authority. All borrowers of the NJ ZEV Program must operate 75% of annual VMT in NJ. Following completion of the 3-year compliance period, Applicants will have the ability to sell vehicle(s) financed via the NJ ZEV Program. However, any outstanding loan balance must be paid in full for the Applicant to have clear title to the vehicle and complete the potential sale. Vehicle sales are not permitted during the 3-year compliance period. The only exception will be sale/scrappage for vehicle(s) deemed permanently either inoperable or beyond repair by a disinterested, qualified 3rd party such as a licensed New Jersey vehicle dealer, licensed mechanic, or representative of a vehicle insurance provider. Sale or insurance proceeds must be used for outstanding loan balance. By signing the Loan Agreement, the Applicant and Vendor agree to permit the use by NJEDA of Purchaser Applicant, Vendor, and vehicle data and information that is provided in the application and during

Appendix A NJ ZEV Financing Program Specifications February 24, 2025	
	Program participation, and that is not otherwise prohibited by law, for case studies and to support the development of future versions of this Program, or future alternative programs.
Disbursement	Loan amount will be determined at time of application approval based on the applicant's request, purchase price based on a quote from approved vendor, and the underwriting review. Applicants will have 18 months from issuance of a commitment letter to purchase, receive and register the financed vehicle(s). Disbursements will be made upon vehicle purchase, delivery and registration. Loan funds will be disbursed directly to the vehicle dealer, which must be an approved vendor under the currently active NJ ZIP program. If the project has multiple vehicles being delivered to the Applicant in separate instances, the funding will be disbursed accordingly to the vendor in separate disbursements upon each purchase, delivery, and registration, based on the relative cost of each vehicle delivered.

EXHIBIT A

NJEDA

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: February 24, 2025

SUBJECT: NJ ZIP, the New Jersey Zero Emission Incentive Program: Third Phase of the Voucher Pilot

Request:

The Members are asked to approve:

1. The creation of Phase 3 of the New Jersey New Jersey Zero-emission Incentive Program ("NJ ZIP" or "Program"), the New Jersey Economic Development Authority's ("Authority" or "NJEDA") zero-emission commercial use vehicle voucher pilot.

2. The utilization of $75.5 million from the Authority's allocation of New Jersey's Regional Greenhouse Gas Initiative (RGGI) 2020-2022 and 2023-2025 auction proceeds to capitalize Phase 3 of NJ ZIP.

3. Delegated authority to the Chief Executive Officer staff to decline applications for solely non-discretionary reasons.

4. In relation to this third phase of the pilot Program, and as continued from its initial approval, the Board is asked to approve delegated authority to:

    - The Authority's Chief Executive Officer (CEO) or delegate(s) of the CEO to, based upon program demand reviewed at 3-month intervals, shift funding allocations;
    - The CEO or delegate(s) of the CEO to approve Purchasers, Vendors, and vehicles as eligible and, subsequently, approve vouchers;
    - The CEO or delegate(s) of the CEO to reallocate any unallocated funds from prior phases of the pilot program into Phase 3 of the Program;
    - The CEO or delegate(s) of the CEO to allocate up to $500,000 to extend and modify the existing telematics service plan, as necessary, for the duration of the third phase of the Program.

Background:

The NJ ZIP pilot is structured as a first-come, first-serve voucher program. The pilot is focused on incentivizing the adoption of zero-emission vehicles (ZEV) by New Jersey businesses and institutions,

especially those operating within overburdened communities (as defined by NJ P.L.2020, c.92, and which, for the purposes of the pilot, is used interchangeably with the term "environmental justice communities" specified in the RGGI Strategic Funding Plan), that have been disproportionately impacted by emissions.

The Regional Greenhouse Gas Initiative (RGGI) is a multi-state, market-based "cap-and-invest" program that establishes a regional cap on carbon dioxide (CO2) emissions from the electric power generation sector and therefore allowing for auctioning of emissions rights. States use the proceeds from the CO2 allowance auctions to invest in programs to help further reduce CO2 and other greenhouse gas pollution, spur clean and renewable energy, and provide rate relief on energy bills.

The Authority's use of this funding is aligned with both its core mission, to foster sustainable and equitable economic growth – in this case, in the commercial-use ZEV ecosystem and value chain within the State – and with the State's broader clean transportation goals, to transition 75% of medium- and 50% of heavy-duty vehicles to zero emission by 2050 supported by incentive programs, which the Energy Master Plan (Goal 1.1.8) cites as the Authority's responsibility.

Pilot Phases 1 and 2 Performance To-date:

Phase 1 of the NJ ZIP pilot, launched in April 2021, incentivized the adoption of medium-duty ZEVs within four pilot communities: the Greater Camden, Greater Newark, Greater New Brunswick, and Greater Shore Areas. Phase 2, which launched purchaser applications in April 2023, expanded the eligibility to include heavy-duty vehicle classes and opened applications to entities state-wide, with bonuses awarded for operating and/or domiciling within overburdened communities. In Phase 2, the establishment of a technical assistance mechanism through the Rutgers Help Desk was incorporated, as well as the procurement of state-issued telematics devices intended to monitor the location NJ ZIP funded vehicles–ensuring those emissions reductions remain in New Jersey–throughout the 3-year Compliance Term. Because of delays in procuring telematics devices due to the extended state procurement timelines, shipments of state-issued telematics for NJ ZIP Phase 2 funded vehicles began in January 2025. Geotab telematics devices were acquired through a waiver of advertising for the designated vendor, AT&T, in accordance with New Jersey State Contract #M4006 for consistent reporting with the New Jersey Department of Environmental Protection (NJDEP) across RGGI-funded transportation projects and to monitor post-award compliance requirements.

The primary goals of the pilot, as enumerated in the January 15th, 2021 Board memorandum in which the pilot was initially approved, are:

1. Accelerate the adoption and use of medium-to-heavy duty zero-emission vehicles within New Jersey;
2. Reduce emissions within overburdened communities;
3. Allow the Authority to determine and stimulate market-readiness, assess effectiveness of funding levels and program design, and test methodologies for measuring economic impact of such adoption.

In furtherance of these goals, the pilot has received continuous application flow from applicants. As of the end of Q4 2024, a total of $54.4 million in voucher funding had been committed across 71 Phase 1 applications and 84 Phase 2 applications. Phase 1 vouchers have supported the addition of 134 new ZEVs as of the end of 2024. Phase 2 Waitlisted applications continue to be processed and approved through Q4 2024. Current Phase 2 voucher commitments are projected to support an additional 288 vehicles. The reintroduction of a scrappage bonus for small business applicants in Phase 3 aims to collect valuable data on the economic and environmental impacts of vehicle scrappage and has been increased to incentivize the removal of diesel equivalents, thereby enhancing emission offsets for each project. Upon

evaluation of this phase, a proposal for a longer-term program may be considered, informed by the insights gained from these pilots.

Program Details:

All pilot program goals and rules, as enumerated in the January 2021 and July 2022 Board memorandums in which the first two phases of NJ ZIP were initially approved remain the same, with only proposed changes for Phase 3 detailed in this memo. Exhibit A includes background information and full program details incorporated into Phase 3 from previous phases of the program for reference.

Eligibility:

Purchaser applicant eligibility requirements remain unchanged from NJ ZIP Phase 2. Applicants are not allowed to use NJ ZIP funding to purchase motor vehicles from themselves, related or affiliated entities. Confirmation of charging/hydrogen fueling infrastructure plan or compatible public charging infrastructure will be required at time of application. Applicants must have existing charging/hydrogen fueling infrastructure OR provide a detailed plan to construct or contract to construct charging/hydrogen fueling infrastructure OR identify compatible public charging infrastructure.

In addition to the eligibility parameters already stated, the applicant must also be in substantial good standing with the New Jersey Department of Labor and Workforce Development (LWD) and NJ Department of Environmental Protection (DEP) at the time of application to be eligible for NJ ZIP Phase 3. A current tax clearance will need to be provided at time of application and at time of closing and disbursement to demonstrate the applicant is properly registered to do business in New Jersey and in substantial good standing with the NJ Division of Taxation.

For the purpose of the third phase, an "Eligible Vehicle" is defined the same as previous phases but the following additional requirements must also be met:

- Purchased, delivered, and registered (in compliance with the New Jersey Motor Vehicles Commission (NJMVC)) within eighteen months of execution of the voucher agreement. Proof of such intent to purchase including quotes for an Eligible Vehicle at time of application is required for eligibility.
    - Vehicles may not be registered for personal use.OBJ.
- Covered by warranty indicating at least 3 years or 50,000 miles of coverage, whichever comes first, covering parts (at a minimum, motor, drive train, and batteries, hydrogen fuel cells, etc.) and labor.
- Compatible with a State-specified telematics device or have the ability to supply equivalent and compatible data at no additional cost to the Authority.
- Procured from a Vendor that meets program eligibility requirements and that is approved to participate in the Program (detailed in the following section)
- The following vehicles are not eligible:
    - Retrofits and repowers of pre-owned vehicles

- Used vehicles

Phase 3 Vendor eligibility will be restricted to licensed vehicle dealers in New Jersey as defined in N.J.S.A. 39:10-19. All other Vendor eligibility requirements remain unchanged from Phase 2, as evidenced in the specifications attached hereto, but Vendors will apply to participate in the Program then be required to enter into a participation agreement[1] with the Authority. In the event the Authority determines a Vendor is ineligible, they will have the ability to appeal that decision in accordance with the Authority's appeal process. In addition to accepting the Program's terms and conditions as laid out in the vendor participation agreement, the Vendor agrees to:

- Provide in-state servicing plan for maintenance of Eligible Vehicles aligned with industry norms and current best practices prior to vehicle delivery.
- Manage the installation of state-issued telematics devices prior to vehicle delivery.
- Manage the commercial registration process of vehicles purchased under the Program in compliance with NJMVC.

Diversity, Equity and Inclusion:

Bonuses will continue to be allocated to vouchers for school busses (25%) and applications submitted by small businesses (25%), and/or certified women-, minority-, or veteran- owned businesses (4% per qualification). These bonuses may be stacked with applicants eligible for multiple bonus criteria. Voucher amounts are capped at 100% of vehicle cost.

In addition:

- During any round of funding, 50% of funds will be set aside for applications from small businesses in Overburdened Communities (OBC) as defined in N.J.S.A. 13:1D-158. Remainder of voucher funds will be un-allocated.
  - All set asides expire 6 months after Purchaser application launch date to be rolled into the unallocated pool of funding.
- Applications from small businesses will be eligible for an additional bonus of $3,000 per vehicle scrapped and replaced with NJ ZIP voucher funded ZEV.

For consistency with prior State programs, scrappage is defined within the DEP's VW Settlement funded grant program as "rendering the vehicle inoperable and available for recycle; at a minimum, to cut a 3-inch hole in the engine block and disable the chassis by cutting the vehicle's frame rails complete in half". Information on any vehicle replacements will be requested within the application to determine scrappage bonus requirements and support RGGI-metric reporting on avoided emissions.

For the purposes of this Program, a small business is defined as having 25 or fewer full-time employees in total OR less than $5M in annual revenue.

[1] The vendor participation agreement shall be standardized across all RGGI-funded transportation programs. Eligibility for participation in one program shall be deemed sufficient for participation in the others due to the shared vendor pool.

EXHIBIT A

Eligible Funding Uses:

Vouchers may be applied to the purchase price of an approved vehicle procured from a Vendor that meets program eligibility requirements and that is approved to participate in the Program.

Ineligible costs include but are not limited to:

- Taxes
- Vehicle registration fees
- Delivery fees
- NJEDA fees
- Vehicle leases by the Applicant (vehicle must be owned by the Applicant)
- Vehicle operating expenses (electricity, hydrogen, maintenance/service costs, etc.)
- Charging or fueling equipment

Application Process:

The general methodology for voucher application and approval from the first two phases of the pilot will be maintained in the third phase, with strategic implementation changes made to minimize administrative burden and increase efficiency. Applicants will be provided a 10-business day cure period to correct submission deficiencies identified by staff to be incomplete or incorrect. At the sole discretion of the Authority, staff may ask for additional information or clarification of the information included in the application, including, but not limited to, responses, documentation, and attachments. Applicants that are non-responsive to NJEDA requests for additional information will be notified by NJEDA staff via email that the application will be administratively withdrawn and not advance. If an Applicant responds but is unable to provide the requested additional information, the application will be declined with a right to appeal. A sample Phase 3 application flow and timeline can be found in Exhibit B (for informational purposes only).

Program participants (Vendors and Purchaser Applicants) will adhere to the following steps:

1. Vendors apply to the program and, as appropriate, are approved as eligible. Vendors will be approved on a rolling basis. Vendors have the same right to appeal as they did in Phase 2 if declined. Such eligibility must be maintained through voucher payment for each vehicle sold.

2. Purchaser Applicant identifies an approved Vendor and Eligible Vehicle(s). Purchaser Applicant prepares and submits their respective application, including proof of eligibility. Purchaser applications are accepted on a first-come first-serve basis.

3. NJEDA processes the applications and, if the Purchaser Applicant is eligible and funds are available, approves voucher(s), inclusive of qualifying bonuses and sends the Applicant an award notification. Upon award notification, Purchaser has 30 days to confirm their selected Vendor and vehicle. NJEDA then issues a final voucher agreement to the Purchaser that indicates that their selected approved ZIP Vendor will receive funds upon disbursement of the voucher.

4. The voucher funds are reserved for eighteen months from the date of the voucher agreement (Voucher Reservation Term). During this period, the Vendor and the Purchaser Applicant must execute the program requirements and submit documentation of same. Telematics must be installed, and the vehicle must be delivered to and registered to the Purchaser Applicant during this period. Vehicle registrations may not be for personal use.

5. Disbursement documentation is submitted to NJEDA for review.

6. Once vehicle is confirmed as delivered and registered to the Purchaser Applicant, and all relevant program requirements are met, NJEDA will issue voucher monies to the Vendor.

7. Telematics devices monitor and track RGGI-related emissions data for three years (Compliance Period) following delivery of the vehicles and disbursement of the voucher.

NJEDA Staff will be responsible for reviewing applications, maintaining the program website, and providing program guidance resources, such as FAQs and webinars, to Vendors and Applicants where needed.

Program Funding

The total RGGI-funded NJ ZIP pilot program budget will be $75,500,000.

Of the total program budget, $75,000,000 will be reserved to fund vouchers, utilizing the following allocations:

- A first $37,500,000 allocation round.
- A second $37,500,000 round to be made available no sooner than 1 year after the initial third phase sub-phase application launches.
    - During any round of funding, 50% of funds will be set aside for applications from small businesses in overburdened communities (OBC). Remainder of voucher funds will be un-allocated. OBC set aside expires 6 months after Purchaser application launch date to be rolled into the unallocated pool of funding.

The total funding provided to a single applicant (as determined by EIN) through vouchers including any qualifying bonuses cannot exceed $3,000,000 during a round of funding, to ensure equitable distribution of resources. Applicants who applied in Phase 1 or Phase 2 of the pilot are eligible to apply in Phase 3 (Phase 1 or 2 vouchers do not impact the $3M cap per EIN in Phase 3).
In addition to the voucher budget, NJEDA will continue to implement the technical assistance pilot. Furthermore, up to $500,000 will be allocated towards telematics devices for program compliance monitoring utilizing RGGI monies in the budget noted within this memorandum.

Fees:
NJEDA will charge applicants the following fees unique to the program as a result of RGGI administrative funding to cover program administrative costs: NJEDA will charge Vendor Applicants a non-refundable $1,000 fee to apply into the program. Purchaser applicants will be charged a non-refundable $500 fee for applying for voucher funds; multiple vehicles can be applied for within a single application. For applicants who demonstrate prior inability to utilize their approved voucher from a previous phase due to Vendor default or terminated agreement, this fee may be waived.

Appeals:
Entities whose applications are denied will have the right to appeal. Appeals must be filed within the timeframe set in the declination letter. The Director of Legal Affairs will designate Hearing Officers who will review the applications, the appeals, and any other relevant documents or information. The Hearing Officer will recommend a final administrative decision to be approved by the Board.

EXHIBIT A

Recommendation:

The Members are asked to approve:

1. The creation of Phase 3 of the New Jersey New Jersey Zero-emission Incentive Program ("NJ ZIP" or "Program"), the New Jersey Economic Development Authority's ("Authority" or "NJEDA") zero-emission commercial use vehicle voucher pilot.

2. The utilization of $75.5 million from the Authority's allocation of New Jersey's Regional Greenhouse Gas Initiative (RGGI) 2020-2022 and 2023-2025 auction proceeds to capitalize Phase 3 of NJ ZIP.

3. Delegated authority to the Chief Executive Officer staff to decline applications for solely non-discretionary reasons.

4. In relation to this third phase of the pilot Program, and as continued from its initial approval, the Board is asked to approve delegated authority to:

    - The Authority's Chief Executive Officer (CEO) or delegate(s) of the CEO to, based upon program demand reviewed at 3-month intervals, shift funding allocations;
    - The CEO or delegate(s) of the CEO to approve Purchasers, Vendors, and vehicles as eligible and, subsequently, approve vouchers;
    - The CEO or delegate(s) of the CEO to reallocate any unallocated funds from prior phases of the pilot program into Phase 3 of the Program;
    - The CEO or delegate(s) of the CEO to allocate up to $500,000 to extend and modify the existing telematics service plan, as necessary, for the duration of the third phase of the Program.

Tim Sullivan, CEO

Prepared by**:**
Lina Rivetti, Project Officer
John Wisniewski, Director Clean Energy Products

Attachments:

- Exhibit A – Proposed Product Specifications: New Jersey Zero Emission Incentive Program (NJ ZIP) – Phase 3
- Exhibit B - NJ ZIP Phase 3 Timeline and Process Map
- Appendix A –NJ ZIP, the New Jersey Zero Emission Incentive Program: Second Phase Expansion of the Voucher Pilot | July 13th, 2022

EXHIBIT A

Exhibit A

NJ ZIP – Zero-emission Incentive Program: Third Phase Expansion of the Voucher Pilot Program Specifications

These specifications are provided as a summary of the NJ ZIP Phase 3 Pilot memorandum. In the case Exhibit A does not specify details or requirements or utilizes different language from the memorandum, the memorandum takes precedence.

Proposed Program Specifications February 24, 2025	
Funding Source	Funding for NJ ZIP pilot ("Program") and associated administration will be from eligible Authority funds from the Regional Greenhouse Gas Initiative (RGGI) funds.
Program Budget	$75,500,000 total funding comprised of $75,000,000 voucher pool and up to $500,000 for telematics.
Program Expiration	Program to operate on a pilot basis until such time that the funds are depleted. Funds are anticipated to be committed within an estimated 12 months from acceptance of the first application. The set asides for OBCs expire 6 months after Purchaser application launch date.
Program Purpose	To accelerate the adoption and use of zero-emission medium and heavy-duty vehicles within New Jersey; to reduce emissions within the state; and to allow NJEDA to determine and stimulate market-readiness, assess effectiveness of funding levels and program design, and test methodologies for measuring economic impact of such adoption. The pilot is being used as a vehicle to support the growth of the NJ zero emission vehicle ecosystem, with accelerated adoption of zero emission vehicles being a critical step to attracting more jobs and investment, as other zero emission vehicle programs and regulations roll out across multiple State agencies.
Technical Assistance	The Authority plans to continue engagement with Rutgers University to provide technical assistance support as part of the NJ ZIP Phase 3 pilot expansion. The technical assistance will serve three distinct programmatic areas: • Facilitate general education on electric vehicles, understanding total cost of ownership, and behavior adaptation. • Support the implementation of electric vehicles by conducting fleet assessments and developing and assisting with infrastructure plans unique to each applicant. • Administrative guidance In addition to the external support to applicants, the University will also be tasked with reporting on the impact of technical assistance, using key performance indicators to measure both the economic and environmental impact of funding.
Applicant Eligibility Requirements	To be eligible, an Applicant must: • Be a commercial, industrial, or institutional organization in New Jersey. As defined in the Global Warming Solutions Fund regulation (N.J.A.C. 7:27D-1.2), "institutional" means serving a non- profit or public purpose, such as a library, hospital, public school, institution of higher education, municipal utility, public recreation or cultural facility, or government entity. The term "government entity" includes

Proposed Program Specifications February 24, 2025	
	local and municipal government entities, but for the purposes of this pilot, State government entities are not eligible. • Provide a valid New Jersey Tax Clearance Certificate and/or other documentation deemed acceptable by the Authority, as applicable, to demonstrate business registration or ability to conduct operations in NJ. Updated documentation must be submitted at time of application, and prior to closing and disbursement to ensure documentation remains current. • Be in good standing with the New Jersey Department of Labor and Workforce Development and the New Jersey Department of Environmental Protection • Satisfy the Authority's debarment/disqualification review and not be in default under any Authority program or have any outstanding obligations to the Authority • Be the vehicle owner • Have existing charging/hydrogen fueling infrastructure OR provide a detailed plan to construct or contract to construct a charging/hydrogen fueling infrastructure OR identify compatible public charging infrastructure available. Applicants are not allowed to use NJ ZIP funding to purchase motor vehicles from themselves, related or affiliated entities.

Project/Vehicle Eligibility Requirements	To be eligible, Applicant's new vehicle(s) must be:
	• A new zero-emission Class 2b – Class 8 (GVWR 8,501 lbs. – 33,000+ lbs.) vehicle, used for commercial, industrial, or institutional purposes.
	• All zero-emission vehicles, defined as "a vehicle that emits no tailpipe pollutants from the onboard source of power, such as particulates, hydrocarbons, carbon monoxide, ozone, lead, and various oxides of nitrogen", are eligible for vouchers. This includes, but is not limited to, battery-electric (BEV), hydrogen fuel cell-electric (FCEV) vehicles.
	• Purchased, delivered, and registered (in compliance with the New Jersey Motor Vehicles Commission (NJMVC)) within eighteen months of receipt of voucher agreement. Proof of intent to purchase an Eligible Vehicle at time of application is required for eligibility.
	  o Vehicles may not be registered for personal use
	• Covered by warranty indicating at least 3 years or 50,000 miles of coverage, whichever comes first, covering parts (at a minimum, motor, drive train, and batteries, hydrogen fuel cells, etc.) and labor.
	• Compatible with state-supplied telematics devices or have the ability to supply equivalent and compatible data at no additional cost to the Authority.
	• The following vehicles are not eligible:
	  o Retrofits and repowers of pre-owned vehicles
	  o Used vehicles
	• Procured from a Vendor that meets program eligibility requirements (detailed in the following section)

Vendor Eligibility Requirements	To be accepted as an eligible Vendor, the Vendor must: • Be a licensed vehicle dealer in New Jersey

Proposed Program Specifications February 24, 2025	

	• Be registered to conduct business in NJ, as demonstrated by a valid New Jersey Tax Clearance Certificate. Updated documentation must be submitted at time of application and remain current throughout program participation. Valid Tax Clearance Certificate must be submitted with voucher disbursement requests. Be in good standing with the New Jersey Department of Labor and Workforce Development and the New Jersey Department of Environmental Protection
	• Satisfy the Authority's debarment/disqualification review and not be in default under any Authority program or have any outstanding obligations to the Authority Manage the registration process of vehicles purchased under this program.
	• Manage the installation of state-issued telematics devices prior to vehicle delivery.
	• Offer at least one Eligible Vehicle and provide required vehicle-associated documentation, including but not limited to:
	  o Listing information related to the vehicles, such as via Vendor website, inclusive of vehicle images, descriptions, and cost
	  o A specification sheet outlining all major components, corroborating vehicle capabilities, charging/fueling needs, design appropriate to proposed use
	  o Standard warranty for the Eligible Vehicle(s), indicating at least 3 years or 50,000 miles of coverage, whichever comes first, covering parts (at a minimum, motor, drive train, and batteries, hydrogen fuel cells, etc.) and labor.
	• In-state servicing plan for maintenance of vehicles aligned with industry norms and current best practices implemented before vehicle delivery. Vendors must demonstrate in-state Zero Emission Vehicle (ZEV) servicing capability either through their own facilities, equipment, and trained personnel, or via a legally binding agreement with a qualified third-party service provider and must submit appropriate documentation to support this capability to avoid disqualification.
	• Agree to accept the Program's terms and conditions as laid out in the vendor participation agreement, including but not limited to:
	  o Accept the Program's voucher towards Purchaser Applicant vehicle payments, deducting the vehicle's voucher amount from the upfront cost.
	  o Engage with the selected technical assistance provider as necessary, potentially including in-person events when mutually agreed to.

Maintenance of and Amendments to the Approved List of Vehicles	Vehicle models and/or OEMs may be de-listed from the Approved List of Vehicles at the discretion of the Authority for any of the following reasons: • Adequate maintenance support for the vehicle make or model is not available in NJ. A vehicle make or model can be delisted from the Approved List of Vehicles under this subheading if there has been a minimum of [3] documented incidents of a vehicle make or model

having been out of service for more than [60] consecutive calendar days, due to repair / maintenance being unavailable in state.

- There has been a minimum of [3] documented safety or performance issues associated with the vehicle make or model anywhere in the United States. For the purposes of this subsection documentation can consist of reports or notices from the National Highway Traffic Safety Administration documentation, Department of Transportation (state or federal). This includes:
  - Any catastrophic failures inherent in the design and manufacturing of the vehicle: e.g., battery fires, failure of safety systems.
  - Safety or performance related recalls that cannot be addressed within 90 days of notice.
  - The OEM not honoring the provided vehicle warranty in any current or prior phase of the ZIP program.

Program Funding Level

The total RGGI-funded NJ ZIP pilot program budget will be $75,500,000.

Of the total program budget, $75,000,000 will be reserved to fund vouchers, utilizing the following allocations:

- A first $37,500,000 allocation round.
- A second $37,500,000 round to be made available no sooner than 1 year after the initial Phase 3 sub-phase application launches
  - During any round of funding, 50% of funds will be set aside for applications from small businesses in overburdened communities. Remainder of voucher funds will be un-allocated.
  - OBC set aside expires 6 months after Purchaser application launch date and will be rolled into the unallocated pool of funding.

Project/Vehicle Funding Levels

Voucher base funding amounts are based on GVWR laid out in the table below. Qualifying vehicles will be funded at the following levels:

Vehicle GVWR	Vehicle Class	Voucher amount
8,501 - 10,000 lbs.	Class 2b	$15,000
10,0001 - 14,000 lbs.	Class 3	$50,000
14,001 - 16,000 lbs.	Class 4	$65,000
16,001 - 19,500 lbs.	Class 5	$75,000
19,501 - 26,000 lbs.	Class 6	$90,000
26,001 to 33,000 lbs.	Class 7	$135,000
33,000+	Class 8	$175,000

Bonuses:

EXHIBIT A

Proposed Program Specifications February 24, 2025	

	Eligible applications may receive increased, per-vehicle voucher bonuses through documentation of any of the following:
	• Certified woman-, minority-, or veteran-owned business bonus: 4% increase in the base voucher amount per vehicle per qualifying NJ State certification.
	• Small business bonus: A 25% increase of the base voucher amount per vehicle.
	  o For the purposes of this Program, a small business is defined as having 25 or fewer full-time employees in total OR less than $5M in annual revenue.
	• School Bus Bonus: 25% increase in base voucher amount per vehicle if applicant is purchasing a school bus.
	• Small business vehicle scrappage bonus: $3,000 bonus per vehicle scrapped and replaced with a NJ ZIP voucher funded ZEV.
	  o For consistency with prior State programs, scrappage is defined within the DEP's VW Settlement funded grant program as "rendering the vehicle inoperable and available for recycle; at a minimum, to cut a 3-inch hole in the engine block and disable the chassis by cutting the vehicle's frame rails complete in half". Information on any vehicle replacements will be requested within the application to determine scrappage bonus requirements and support RGGI-metric reporting on avoided emissions. Scrappage will be verified prior to disbursement.
	Applicants may apply for more than one vehicle voucher within the same application. The total funding per vehicle may equal but may not exceed the cost of the vehicle. The total funding reserved for an Applicant (as determined by EIN) through vouchers inclusive any qualifying bonuses, cannot exceed $3M per EIN in each round of funding, to ensure equitable distribution of resources. (Phase 1 and 2 vouchers do not impact $3M cap per EIN in Phase 3)

Funding Disbursement	The voucher funds are reserved for eighteen months from the date of the voucher agreement (Voucher Reservation Term). During this period, the vehicle must be delivered and registered, and all disbursement documentation must be submitted to the NJEDA prior to expiration of the voucher. All Applicants will have the 18-month voucher reservation window to submit disbursement requests. For disbursement requests received at the end of the 18-month voucher reservation window, Applicants will be provided a 10-business day cure period to correct submission deficiencies identified by staff to be incomplete or incorrect. Once vehicle is confirmed as delivered and registered to the Purchaser Applicant, and all relevant program requirements are met, NJEDA will issue voucher monies to the Vendor. If applicable, proof of vehicle scrappage must be submitted prior to disbursement.
Conditions of Funding	By accepting the voucher funding, as applicable Purchaser Applicants and Vendors will also agree to the following terms: • Purchaser Applicant will maintain registration of the vehicle in the State of New Jersey for a minimum of the three continuous years o Vehicles must be registered in compliance with NJMVC. Vehicles may not be registered for personal use.

EXHIBIT A

<table>
<tr><th colspan="2">Proposed Program
Specifications February 24, 2025</th></tr>
<tr><td></td><td>

- Purchaser Applicant will annually operate at least 75% of vehicle miles traveled (VMT) in the State of the New Jersey
- NJEDA's right to audit and verify compliance with eligibility requirements post-voucher redemption and agree to provide responses and data upon request to support such audits and verifications.
- Permit the use by NJEDA of Purchaser Applicant and vehicle data and information that is provided in the application and audit process, and that is not otherwise prohibited by law, for case studies and to support the development of future versions of this program, or future alternative programs.
- If the Purchaser defaults in any year within the first three years (Compliance Period) of the executed Voucher agreement, the Authority will impose a recapture of the award on a scaled basis, as outlined below.

<table>
<tr><th>Year of Compliance event of default within:</th><th>Recapture percentage</th></tr>
<tr><td>1 year from date of executed grant agreement</td><td>100%</td></tr>
<tr><td>2 years from date of executed grant agreement</td><td>60%</td></tr>
<tr><td>3 years from date executed grant agreement</td><td>30%</td></tr>
</table>

- The Portion of the voucher award will also encompass a prorated calculation per vehicle, per class, inclusive of any approved bonus. For example, if a purchaser defaults on 3 out of 5 vehicles in the same class, the amount of the voucher award to be repaid will be determined using the formula below:

$$Voucher\ per\ vehicle\ class = \left(\frac{Total\ voucher\ amount\ (inclusive\ of\ bonuses)}{Number\ of\ Vehicles}\right) * \%\ prorated\ per\ year\ of\ compliance$$

Following an event of default, if the awardee does not take corrective action by timely repaying the recapture amount the Authority's SLM team will utilize their established policies and delegated authorities to engage in forbearance and settlement agreements for the NJ ZIP awardee.

</td></tr>
<tr><td>Fee Schedule</td><td>NJEDA will charge applicants the following fees unique to the NJ ZIP program given the availability of RGGI administrative funding to cover program administrative costs: Vendor Applicant will be assessed a non-refundable application fee of $1,000 upon initial vendor application. Purchaser applicant will be assessed a non-refundable application fee of $500 per application. Purchaser Applicant may apply for more than one vehicle voucher in a single application. For applicants who demonstrate their inability to utilize their approved voucher from a previous phase due to Vendor default or agreement termination, this fee may be waived.</td></tr>
</table>

EXHIBIT A

NJEDA

MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: February 24, 2025

SUBJECT: NJ ZIP, the New Jersey Zero Emission Incentive Program: Third Phase of the Voucher Pilot

Request:

The Members are asked to approve:

1. The creation of Phase 3 of the New Jersey New Jersey Zero-emission Incentive Program ("NJ ZIP" or "Program"), the New Jersey Economic Development Authority's ("Authority" or "NJEDA") zero-emission commercial use vehicle voucher pilot.

2. The utilization of $75.5 million from the Authority's allocation of New Jersey's Regional Greenhouse Gas Initiative (RGGI) 2020-2022 and 2023-2025 auction proceeds to capitalize Phase 3 of NJ ZIP.

3. Delegated authority to the Chief Executive Officer staff to decline applications for solely non-discretionary reasons.

4. In relation to this third phase of the pilot Program, and as continued from its initial approval, the Board is asked to approve delegated authority to:

    - The Authority's Chief Executive Officer (CEO) or delegate(s) of the CEO to, based upon program demand reviewed at 3-month intervals, shift funding allocations;
    - The CEO or delegate(s) of the CEO to approve Purchasers, Vendors, and vehicles as eligible and, subsequently, approve vouchers;
    - The CEO or delegate(s) of the CEO to reallocate any unallocated funds from prior phases of the pilot program into Phase 3 of the Program;
    - The CEO or delegate(s) of the CEO to allocate up to $500,000 to extend and modify the existing telematics service plan, as necessary, for the duration of the third phase of the Program.

Background:

The NJ ZIP pilot is structured as a first-come, first-serve voucher program. The pilot is focused on incentivizing the adoption of zero-emission vehicles (ZEV) by New Jersey businesses and institutions,

especially those operating within overburdened communities (as defined by NJ P.L.2020, c.92, and which, for the purposes of the pilot, is used interchangeably with the term "environmental justice communities" specified in the RGGI Strategic Funding Plan), that have been disproportionately impacted by emissions.

The Regional Greenhouse Gas Initiative (RGGI) is a multi-state, market-based "cap-and-invest" program that establishes a regional cap on carbon dioxide (CO2) emissions from the electric power generation sector and therefore allowing for auctioning of emissions rights. States use the proceeds from the CO2 allowance auctions to invest in programs to help further reduce CO2 and other greenhouse gas pollution, spur clean and renewable energy, and provide rate relief on energy bills.

The Authority's use of this funding is aligned with both its core mission, to foster sustainable and equitable economic growth – in this case, in the commercial-use ZEV ecosystem and value chain within the State – and with the State's broader clean transportation goals, to transition 75% of medium- and 50% of heavy-duty vehicles to zero emission by 2050 supported by incentive programs, which the Energy Master Plan (Goal 1.1.8) cites as the Authority's responsibility.

Pilot Phases 1 and 2 Performance To-date:

Phase 1 of the NJ ZIP pilot, launched in April 2021, incentivized the adoption of medium-duty ZEVs within four pilot communities: the Greater Camden, Greater Newark, Greater New Brunswick, and Greater Shore Areas. Phase 2, which launched purchaser applications in April 2023, expanded the eligibility to include heavy-duty vehicle classes and opened applications to entities state-wide, with bonuses awarded for operating and/or domiciling within overburdened communities. In Phase 2, the establishment of a technical assistance mechanism through the Rutgers Help Desk was incorporated, as well as the procurement of state-issued telematics devices intended to monitor the location NJ ZIP funded vehicles–ensuring those emissions reductions remain in New Jersey–throughout the 3-year Compliance Term. Because of delays in procuring telematics devices due to the extended state procurement timelines, shipments of state-issued telematics for NJ ZIP Phase 2 funded vehicles began in January 2025. Geotab telematics devices were acquired through a waiver of advertising for the designated vendor, AT&T, in accordance with New Jersey State Contract #M4006 for consistent reporting with the New Jersey Department of Environmental Protection (NJDEP) across RGGI-funded transportation projects and to monitor post-award compliance requirements.

The primary goals of the pilot, as enumerated in the January 15th, 2021 Board memorandum in which the pilot was initially approved, are:

1. Accelerate the adoption and use of medium-to-heavy duty zero-emission vehicles within New Jersey;
2. Reduce emissions within overburdened communities;
3. Allow the Authority to determine and stimulate market-readiness, assess effectiveness of funding levels and program design, and test methodologies for measuring economic impact of such adoption.

In furtherance of these goals, the pilot has received continuous application flow from applicants. As of the end of Q4 2024, a total of $54.4 million in voucher funding had been committed across 71 Phase 1 applications and 84 Phase 2 applications. Phase 1 vouchers have supported the addition of 134 new ZEVs as of the end of 2024. Phase 2 Waitlisted applications continue to be processed and approved through Q4 2024. Current Phase 2 voucher commitments are projected to support an additional 288 vehicles. The reintroduction of a scrappage bonus for small business applicants in Phase 3 aims to collect valuable data on the economic and environmental impacts of vehicle scrappage and has been increased to incentivize the removal of diesel equivalents, thereby enhancing emission offsets for each project. Upon

evaluation of this phase, a proposal for a longer-term program may be considered, informed by the insights gained from these pilots.

Program Details:

All pilot program goals and rules, as enumerated in the January 2021 and July 2022 Board memorandums in which the first two phases of NJ ZIP were initially approved remain the same, with only proposed changes for Phase 3 detailed in this memo. Exhibit A includes background information and full program details incorporated into Phase 3 from previous phases of the program for reference.

Eligibility:

Purchaser applicant eligibility requirements remain unchanged from NJ ZIP Phase 2. Applicants are not allowed to use NJ ZIP funding to purchase motor vehicles from themselves, related or affiliated entities. Confirmation of charging/hydrogen fueling infrastructure plan or compatible public charging infrastructure will be required at time of application. Applicants must have existing charging/hydrogen fueling infrastructure OR provide a detailed plan to construct or contract to construct charging/hydrogen fueling infrastructure OR identify compatible public charging infrastructure.

In addition to the eligibility parameters already stated, the applicant must also be in substantial good standing with the New Jersey Department of Labor and Workforce Development (LWD) and NJ Department of Environmental Protection (DEP) at the time of application to be eligible for NJ ZIP Phase 3. A current tax clearance will need to be provided at time of application and at time of closing and disbursement to demonstrate the applicant is properly registered to do business in New Jersey and in substantial good standing with the NJ Division of Taxation.

For the purpose of the third phase, an "Eligible Vehicle" is defined the same as previous phases but the following additional requirements must also be met:

- Purchased, delivered, and registered (in compliance with the New Jersey Motor Vehicles Commission (NJMVC)) within eighteen months of execution of the voucher agreement. Proof of such intent to purchase including quotes for an Eligible Vehicle at time of application is required for eligibility.
    - Vehicles may not be registered for personal use.OBJ.
- Covered by warranty indicating at least 3 years or 50,000 miles of coverage, whichever comes first, covering parts (at a minimum, motor, drive train, and batteries, hydrogen fuel cells, etc.) and labor.
- Compatible with a State-specified telematics device or have the ability to supply equivalent and compatible data at no additional cost to the Authority.
- Procured from a Vendor that meets program eligibility requirements and that is approved to participate in the Program (detailed in the following section)
- The following vehicles are not eligible:
    - Retrofits and repowers of pre-owned vehicles

- Used vehicles

Phase 3 Vendor eligibility will be restricted to licensed vehicle dealers in New Jersey as defined in N.J.S.A. 39:10-19. All other Vendor eligibility requirements remain unchanged from Phase 2, as evidenced in the specifications attached hereto, but Vendors will apply to participate in the Program then be required to enter into a participation agreement[1] with the Authority. In the event the Authority determines a Vendor is ineligible, they will have the ability to appeal that decision in accordance with the Authority's appeal process. In addition to accepting the Program's terms and conditions as laid out in the vendor participation agreement, the Vendor agrees to:

- Provide in-state servicing plan for maintenance of Eligible Vehicles aligned with industry norms and current best practices prior to vehicle delivery.
- Manage the installation of state-issued telematics devices prior to vehicle delivery.
- Manage the commercial registration process of vehicles purchased under the Program in compliance with NJMVC.

Diversity, Equity and Inclusion:

Bonuses will continue to be allocated to vouchers for school busses (25%) and applications submitted by small businesses (25%), and/or certified women-, minority-, or veteran- owned businesses (4% per qualification). These bonuses may be stacked with applicants eligible for multiple bonus criteria. Voucher amounts are capped at 100% of vehicle cost.

In addition:

- During any round of funding, 50% of funds will be set aside for applications from small businesses in Overburdened Communities (OBC) as defined in N.J.S.A. 13:1D-158. Remainder of voucher funds will be un-allocated.
  - All set asides expire 6 months after Purchaser application launch date to be rolled into the unallocated pool of funding.
- Applications from small businesses will be eligible for an additional bonus of $3,000 per vehicle scrapped and replaced with NJ ZIP voucher funded ZEV.

For consistency with prior State programs, scrappage is defined within the DEP's VW Settlement funded grant program as "rendering the vehicle inoperable and available for recycle; at a minimum, to cut a 3-inch hole in the engine block and disable the chassis by cutting the vehicle's frame rails complete in half". Information on any vehicle replacements will be requested within the application to determine scrappage bonus requirements and support RGGI-metric reporting on avoided emissions.

For the purposes of this Program, a small business is defined as having 25 or fewer full-time employees in total OR less than $5M in annual revenue.

[1] The vendor participation agreement shall be standardized across all RGGI-funded transportation programs. Eligibility for participation in one program shall be deemed sufficient for participation in the others due to the shared vendor pool.

EXHIBIT A

Eligible Funding Uses:

Vouchers may be applied to the purchase price of an approved vehicle procured from a Vendor that meets program eligibility requirements and that is approved to participate in the Program.

Ineligible costs include but are not limited to:

- Taxes
- Vehicle registration fees
- Delivery fees
- NJEDA fees
- Vehicle leases by the Applicant (vehicle must be owned by the Applicant)
- Vehicle operating expenses (electricity, hydrogen, maintenance/service costs, etc.)
- Charging or fueling equipment

Application Process:

The general methodology for voucher application and approval from the first two phases of the pilot will be maintained in the third phase, with strategic implementation changes made to minimize administrative burden and increase efficiency. Applicants will be provided a 10-business day cure period to correct submission deficiencies identified by staff to be incomplete or incorrect. At the sole discretion of the Authority, staff may ask for additional information or clarification of the information included in the application, including, but not limited to, responses, documentation, and attachments. Applicants that are non-responsive to NJEDA requests for additional information will be notified by NJEDA staff via email that the application will be administratively withdrawn and not advance. If an Applicant responds but is unable to provide the requested additional information, the application will be declined with a right to appeal. A sample Phase 3 application flow and timeline can be found in Exhibit B (for informational purposes only).

Program participants (Vendors and Purchaser Applicants) will adhere to the following steps:

1. Vendors apply to the program and, as appropriate, are approved as eligible. Vendors will be approved on a rolling basis. Vendors have the same right to appeal as they did in Phase 2 if declined. Such eligibility must be maintained through voucher payment for each vehicle sold.

2. Purchaser Applicant identifies an approved Vendor and Eligible Vehicle(s). Purchaser Applicant prepares and submits their respective application, including proof of eligibility. Purchaser applications are accepted on a first-come first-serve basis.

3. NJEDA processes the applications and, if the Purchaser Applicant is eligible and funds are available, approves voucher(s), inclusive of qualifying bonuses and sends the Applicant an award notification. Upon award notification, Purchaser has 30 days to confirm their selected Vendor and vehicle. NJEDA then issues a final voucher agreement to the Purchaser that indicates that their selected approved ZIP Vendor will receive funds upon disbursement of the voucher.

4. The voucher funds are reserved for eighteen months from the date of the voucher agreement (Voucher Reservation Term). During this period, the Vendor and the Purchaser Applicant must execute the program requirements and submit documentation of same. Telematics must be installed, and the vehicle must be delivered to and registered to the Purchaser Applicant during this period. Vehicle registrations may not be for personal use.

5. Disbursement documentation is submitted to NJEDA for review.

6. Once vehicle is confirmed as delivered and registered to the Purchaser Applicant, and all relevant program requirements are met, NJEDA will issue voucher monies to the Vendor.

7. Telematics devices monitor and track RGGI-related emissions data for three years (Compliance Period) following delivery of the vehicles and disbursement of the voucher.

NJEDA Staff will be responsible for reviewing applications, maintaining the program website, and providing program guidance resources, such as FAQs and webinars, to Vendors and Applicants where needed.

Program Funding

The total RGGI-funded NJ ZIP pilot program budget will be $75,500,000.

Of the total program budget, $75,000,000 will be reserved to fund vouchers, utilizing the following allocations:

- A first $37,500,000 allocation round.
- A second $37,500,000 round to be made available no sooner than 1 year after the initial third phase sub-phase application launches.
    - During any round of funding, 50% of funds will be set aside for applications from small businesses in overburdened communities (OBC). Remainder of voucher funds will be un-allocated. OBC set aside expires 6 months after Purchaser application launch date to be rolled into the unallocated pool of funding.

The total funding provided to a single applicant (as determined by EIN) through vouchers including any qualifying bonuses cannot exceed $3,000,000 during a round of funding, to ensure equitable distribution of resources. Applicants who applied in Phase 1 or Phase 2 of the pilot are eligible to apply in Phase 3 (Phase 1 or 2 vouchers do not impact the $3M cap per EIN in Phase 3).
In addition to the voucher budget, NJEDA will continue to implement the technical assistance pilot. Furthermore, up to $500,000 will be allocated towards telematics devices for program compliance monitoring utilizing RGGI monies in the budget noted within this memorandum.

Fees:
NJEDA will charge applicants the following fees unique to the program as a result of RGGI administrative funding to cover program administrative costs: NJEDA will charge Vendor Applicants a non-refundable $1,000 fee to apply into the program. Purchaser applicants will be charged a non-refundable $500 fee for applying for voucher funds; multiple vehicles can be applied for within a single application. For applicants who demonstrate prior inability to utilize their approved voucher from a previous phase due to Vendor default or terminated agreement, this fee may be waived.

Appeals:
Entities whose applications are denied will have the right to appeal. Appeals must be filed within the timeframe set in the declination letter. The Director of Legal Affairs will designate Hearing Officers who will review the applications, the appeals, and any other relevant documents or information. The Hearing Officer will recommend a final administrative decision to be approved by the Board.

EXHIBIT A

Recommendation:

The Members are asked to approve:

1. The creation of Phase 3 of the New Jersey New Jersey Zero-emission Incentive Program ("NJ ZIP" or "Program"), the New Jersey Economic Development Authority's ("Authority" or "NJEDA") zero-emission commercial use vehicle voucher pilot.

2. The utilization of $75.5 million from the Authority's allocation of New Jersey's Regional Greenhouse Gas Initiative (RGGI) 2020-2022 and 2023-2025 auction proceeds to capitalize Phase 3 of NJ ZIP.

3. Delegated authority to the Chief Executive Officer staff to decline applications for solely non-discretionary reasons.

4. In relation to this third phase of the pilot Program, and as continued from its initial approval, the Board is asked to approve delegated authority to:

    - The Authority's Chief Executive Officer (CEO) or delegate(s) of the CEO to, based upon program demand reviewed at 3-month intervals, shift funding allocations;
    - The CEO or delegate(s) of the CEO to approve Purchasers, Vendors, and vehicles as eligible and, subsequently, approve vouchers;
    - The CEO or delegate(s) of the CEO to reallocate any unallocated funds from prior phases of the pilot program into Phase 3 of the Program;
    - The CEO or delegate(s) of the CEO to allocate up to $500,000 to extend and modify the existing telematics service plan, as necessary, for the duration of the third phase of the Program.

Tim Sullivan, CEO

Prepared by**:**
Lina Rivetti, Project Officer
John Wisniewski, Director Clean Energy Products

Attachments:

- Exhibit A – Proposed Product Specifications: New Jersey Zero Emission Incentive Program (NJ ZIP) – Phase 3
- Exhibit B - NJ ZIP Phase 3 Timeline and Process Map
- Appendix A –NJ ZIP, the New Jersey Zero Emission Incentive Program: Second Phase Expansion of the Voucher Pilot | July 13th, 2022

EXHIBIT A

Exhibit A

NJ ZIP – Zero-emission Incentive Program: Third Phase Expansion of the Voucher Pilot Program Specifications

These specifications are provided as a summary of the NJ ZIP Phase 3 Pilot memorandum. In the case Exhibit A does not specify details or requirements or utilizes different language from the memorandum, the memorandum takes precedence.

Proposed Program Specifications February 24, 2025	
Funding Source	Funding for NJ ZIP pilot ("Program") and associated administration will be from eligible Authority funds from the Regional Greenhouse Gas Initiative (RGGI) funds.
Program Budget	$75,500,000 total funding comprised of $75,000,000 voucher pool and up to $500,000 for telematics.
Program Expiration	Program to operate on a pilot basis until such time that the funds are depleted. Funds are anticipated to be committed within an estimated 12 months from acceptance of the first application. The set asides for OBCs expire 6 months after Purchaser application launch date.
Program Purpose	To accelerate the adoption and use of zero-emission medium and heavy-duty vehicles within New Jersey; to reduce emissions within the state; and to allow NJEDA to determine and stimulate market-readiness, assess effectiveness of funding levels and program design, and test methodologies for measuring economic impact of such adoption. The pilot is being used as a vehicle to support the growth of the NJ zero emission vehicle ecosystem, with accelerated adoption of zero emission vehicles being a critical step to attracting more jobs and investment, as other zero emission vehicle programs and regulations roll out across multiple State agencies.
Technical Assistance	The Authority plans to continue engagement with Rutgers University to provide technical assistance support as part of the NJ ZIP Phase 3 pilot expansion. The technical assistance will serve three distinct programmatic areas: • Facilitate general education on electric vehicles, understanding total cost of ownership, and behavior adaptation. • Support the implementation of electric vehicles by conducting fleet assessments and developing and assisting with infrastructure plans unique to each applicant. • Administrative guidance In addition to the external support to applicants, the University will also be tasked with reporting on the impact of technical assistance, using key performance indicators to measure both the economic and environmental impact of funding.
Applicant Eligibility Requirements	To be eligible, an Applicant must: • Be a commercial, industrial, or institutional organization in New Jersey. As defined in the Global Warming Solutions Fund regulation (N.J.A.C. 7:27D-1.2), "institutional" means serving a non- profit or public purpose, such as a library, hospital, public school, institution of higher education, municipal utility, public recreation or cultural facility, or government entity. The term "government entity" includes

Proposed Program Specifications February 24, 2025	
	local and municipal government entities, but for the purposes of this pilot, State government entities are not eligible. • Provide a valid New Jersey Tax Clearance Certificate and/or other documentation deemed acceptable by the Authority, as applicable, to demonstrate business registration or ability to conduct operations in NJ. Updated documentation must be submitted at time of application, and prior to closing and disbursement to ensure documentation remains current. • Be in good standing with the New Jersey Department of Labor and Workforce Development and the New Jersey Department of Environmental Protection • Satisfy the Authority's debarment/disqualification review and not be in default under any Authority program or have any outstanding obligations to the Authority • Be the vehicle owner • Have existing charging/hydrogen fueling infrastructure OR provide a detailed plan to construct or contract to construct a charging/hydrogen fueling infrastructure OR identify compatible public charging infrastructure available. Applicants are not allowed to use NJ ZIP funding to purchase motor vehicles from themselves, related or affiliated entities.

Project/Vehicle Eligibility Requirements	To be eligible, Applicant's new vehicle(s) must be:
	• A new zero-emission Class 2b – Class 8 (GVWR 8,501 lbs. – 33,000+ lbs.) vehicle, used for commercial, industrial, or institutional purposes.
	• All zero-emission vehicles, defined as "a vehicle that emits no tailpipe pollutants from the onboard source of power, such as particulates, hydrocarbons, carbon monoxide, ozone, lead, and various oxides of nitrogen", are eligible for vouchers. This includes, but is not limited to, battery-electric (BEV), hydrogen fuel cell-electric (FCEV) vehicles.
	• Purchased, delivered, and registered (in compliance with the New Jersey Motor Vehicles Commission (NJMVC)) within eighteen months of receipt of voucher agreement. Proof of intent to purchase an Eligible Vehicle at time of application is required for eligibility.
	  o Vehicles may not be registered for personal use
	• Covered by warranty indicating at least 3 years or 50,000 miles of coverage, whichever comes first, covering parts (at a minimum, motor, drive train, and batteries, hydrogen fuel cells, etc.) and labor.
	• Compatible with state-supplied telematics devices or have the ability to supply equivalent and compatible data at no additional cost to the Authority.
	• The following vehicles are not eligible:
	  o Retrofits and repowers of pre-owned vehicles
	  o Used vehicles
	• Procured from a Vendor that meets program eligibility requirements (detailed in the following section)

Vendor Eligibility Requirements	To be accepted as an eligible Vendor, the Vendor must: • Be a licensed vehicle dealer in New Jersey

Proposed Program Specifications February 24, 2025	

	• Be registered to conduct business in NJ, as demonstrated by a valid New Jersey Tax Clearance Certificate. Updated documentation must be submitted at time of application and remain current throughout program participation. Valid Tax Clearance Certificate must be submitted with voucher disbursement requests. Be in good standing with the New Jersey Department of Labor and Workforce Development and the New Jersey Department of Environmental Protection
	• Satisfy the Authority's debarment/disqualification review and not be in default under any Authority program or have any outstanding obligations to the Authority Manage the registration process of vehicles purchased under this program.
	• Manage the installation of state-issued telematics devices prior to vehicle delivery.
	• Offer at least one Eligible Vehicle and provide required vehicle-associated documentation, including but not limited to:
	  o Listing information related to the vehicles, such as via Vendor website, inclusive of vehicle images, descriptions, and cost
	  o A specification sheet outlining all major components, corroborating vehicle capabilities, charging/fueling needs, design appropriate to proposed use
	  o Standard warranty for the Eligible Vehicle(s), indicating at least 3 years or 50,000 miles of coverage, whichever comes first, covering parts (at a minimum, motor, drive train, and batteries, hydrogen fuel cells, etc.) and labor.
	• In-state servicing plan for maintenance of vehicles aligned with industry norms and current best practices implemented before vehicle delivery. Vendors must demonstrate in-state Zero Emission Vehicle (ZEV) servicing capability either through their own facilities, equipment, and trained personnel, or via a legally binding agreement with a qualified third-party service provider and must submit appropriate documentation to support this capability to avoid disqualification.
	• Agree to accept the Program's terms and conditions as laid out in the vendor participation agreement, including but not limited to:
	  o Accept the Program's voucher towards Purchaser Applicant vehicle payments, deducting the vehicle's voucher amount from the upfront cost.
	  o Engage with the selected technical assistance provider as necessary, potentially including in-person events when mutually agreed to.

Maintenance of and Amendments to the Approved List of Vehicles	Vehicle models and/or OEMs may be de-listed from the Approved List of Vehicles at the discretion of the Authority for any of the following reasons: • Adequate maintenance support for the vehicle make or model is not available in NJ. A vehicle make or model can be delisted from the Approved List of Vehicles under this subheading if there has been a minimum of [3] documented incidents of a vehicle make or model

having been out of service for more than [60] consecutive calendar days, due to repair / maintenance being unavailable in state.

- There has been a minimum of [3] documented safety or performance issues associated with the vehicle make or model anywhere in the United States. For the purposes of this subsection documentation can consist of reports or notices from the National Highway Traffic Safety Administration documentation, Department of Transportation (state or federal). This includes:
  - Any catastrophic failures inherent in the design and manufacturing of the vehicle: e.g., battery fires, failure of safety systems.
  - Safety or performance related recalls that cannot be addressed within 90 days of notice.
  - The OEM not honoring the provided vehicle warranty in any current or prior phase of the ZIP program.

Program Funding Level

The total RGGI-funded NJ ZIP pilot program budget will be $75,500,000.

Of the total program budget, $75,000,000 will be reserved to fund vouchers, utilizing the following allocations:

- A first $37,500,000 allocation round.
- A second $37,500,000 round to be made available no sooner than 1 year after the initial Phase 3 sub-phase application launches
  - During any round of funding, 50% of funds will be set aside for applications from small businesses in overburdened communities. Remainder of voucher funds will be un-allocated.
  - OBC set aside expires 6 months after Purchaser application launch date and will be rolled into the unallocated pool of funding.

Project/Vehicle Funding Levels

Voucher base funding amounts are based on GVWR laid out in the table below. Qualifying vehicles will be funded at the following levels:

Vehicle GVWR	Vehicle Class	Voucher amount
8,501 - 10,000 lbs.	Class 2b	$15,000
10,0001 - 14,000 lbs.	Class 3	$50,000
14,001 - 16,000 lbs.	Class 4	$65,000
16,001 - 19,500 lbs.	Class 5	$75,000
19,501 - 26,000 lbs.	Class 6	$90,000
26,001 to 33,000 lbs.	Class 7	$135,000
33,000+	Class 8	$175,000

Bonuses:

EXHIBIT A

Proposed Program Specifications February 24, 2025	

	Eligible applications may receive increased, per-vehicle voucher bonuses through documentation of any of the following:
	• Certified woman-, minority-, or veteran-owned business bonus: 4% increase in the base voucher amount per vehicle per qualifying NJ State certification.
	• Small business bonus: A 25% increase of the base voucher amount per vehicle.
	  o For the purposes of this Program, a small business is defined as having 25 or fewer full-time employees in total OR less than $5M in annual revenue.
	• School Bus Bonus: 25% increase in base voucher amount per vehicle if applicant is purchasing a school bus.
	• Small business vehicle scrappage bonus: $3,000 bonus per vehicle scrapped and replaced with a NJ ZIP voucher funded ZEV.
	  o For consistency with prior State programs, scrappage is defined within the DEP's VW Settlement funded grant program as "rendering the vehicle inoperable and available for recycle; at a minimum, to cut a 3-inch hole in the engine block and disable the chassis by cutting the vehicle's frame rails complete in half". Information on any vehicle replacements will be requested within the application to determine scrappage bonus requirements and support RGGI-metric reporting on avoided emissions. Scrappage will be verified prior to disbursement.
	Applicants may apply for more than one vehicle voucher within the same application. The total funding per vehicle may equal but may not exceed the cost of the vehicle. The total funding reserved for an Applicant (as determined by EIN) through vouchers inclusive any qualifying bonuses, cannot exceed $3M per EIN in each round of funding, to ensure equitable distribution of resources. (Phase 1 and 2 vouchers do not impact $3M cap per EIN in Phase 3)

Funding Disbursement	The voucher funds are reserved for eighteen months from the date of the voucher agreement (Voucher Reservation Term). During this period, the vehicle must be delivered and registered, and all disbursement documentation must be submitted to the NJEDA prior to expiration of the voucher. All Applicants will have the 18-month voucher reservation window to submit disbursement requests. For disbursement requests received at the end of the 18-month voucher reservation window, Applicants will be provided a 10-business day cure period to correct submission deficiencies identified by staff to be incomplete or incorrect. Once vehicle is confirmed as delivered and registered to the Purchaser Applicant, and all relevant program requirements are met, NJEDA will issue voucher monies to the Vendor. If applicable, proof of vehicle scrappage must be submitted prior to disbursement.
Conditions of Funding	By accepting the voucher funding, as applicable Purchaser Applicants and Vendors will also agree to the following terms: • Purchaser Applicant will maintain registration of the vehicle in the State of New Jersey for a minimum of the three continuous years o Vehicles must be registered in compliance with NJMVC. Vehicles may not be registered for personal use.

EXHIBIT A

<table>
<tr><th colspan="2">Proposed Program
Specifications February 24, 2025</th></tr>
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- Purchaser Applicant will annually operate at least 75% of vehicle miles traveled (VMT) in the State of the New Jersey
- NJEDA's right to audit and verify compliance with eligibility requirements post-voucher redemption and agree to provide responses and data upon request to support such audits and verifications.
- Permit the use by NJEDA of Purchaser Applicant and vehicle data and information that is provided in the application and audit process, and that is not otherwise prohibited by law, for case studies and to support the development of future versions of this program, or future alternative programs.
- If the Purchaser defaults in any year within the first three years (Compliance Period) of the executed Voucher agreement, the Authority will impose a recapture of the award on a scaled basis, as outlined below.

<table>
<tr><th>Year of Compliance event of default within:</th><th>Recapture percentage</th></tr>
<tr><td>1 year from date of executed grant agreement</td><td>100%</td></tr>
<tr><td>2 years from date of executed grant agreement</td><td>60%</td></tr>
<tr><td>3 years from date executed grant agreement</td><td>30%</td></tr>
</table>

- The Portion of the voucher award will also encompass a prorated calculation per vehicle, per class, inclusive of any approved bonus. For example, if a purchaser defaults on 3 out of 5 vehicles in the same class, the amount of the voucher award to be repaid will be determined using the formula below:

$$Voucher\ per\ vehicle\ class = \left(\frac{Total\ voucher\ amount\ (inclusive\ of\ bonuses)}{Number\ of\ Vehicles}\right) * \%\ prorated\ per\ year\ of\ compliance$$

Following an event of default, if the awardee does not take corrective action by timely repaying the recapture amount the Authority's SLM team will utilize their established policies and delegated authorities to engage in forbearance and settlement agreements for the NJ ZIP awardee.

</td></tr>
<tr><td>Fee Schedule</td><td>NJEDA will charge applicants the following fees unique to the NJ ZIP program given the availability of RGGI administrative funding to cover program administrative costs: Vendor Applicant will be assessed a non-refundable application fee of $1,000 upon initial vendor application. Purchaser applicant will be assessed a non-refundable application fee of $500 per application. Purchaser Applicant may apply for more than one vehicle voucher in a single application. For applicants who demonstrate their inability to utilize their approved voucher from a previous phase due to Vendor default or agreement termination, this fee may be waived.</td></tr>
</table>

ADOPTED
FEB 24 2025

Attachments

Resolution of the New Jersey Economic Development Authority Regarding Approval of the NJ ZEV Financing Program

WHEREAS, the Members of the New Jersey Economic Development Authority have been presented with and considered Board Memoranda attached hereto; and

WHEREAS, Board Memoranda requested the Members to adopt a resolution authorizing certain actions by the New Jersey Economic Development Authority, as outlined and explained in said Board Memoranda.

NOW, THEREFORE, BE IT RESOLVED by the Members of the New Jersey Economic Development Authority as follows:

1. The actions set forth in the Board Memoranda, attached hereto, are hereby approved, subject to any conditions set forth as such in said Board Memoranda.

2. The Board Memoranda, attached hereto, are hereby incorporated and made a part of this resolution as though set forth at length herein.

3. This resolution shall take effect immediately, but no action authorized herein shall have force and effect until 10 days, Saturdays, Sundays, and public holidays excepted, after a copy of the minutes of the Authority meeting at which this resolution was adopted has been delivered to the Governor for his approval, unless during such 10-day period the Governor shall approve the same, in which case such action shall become effective upon such approval, as provided by the Act.

DATED: February 24, 2025

EXHIBIT

DRAFT