

National Clean Diesel Campaign American Recovery and Reinvestment Act of 2009 (ARRA)

Diesel Emission Reduction Act Funding

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National Clean Diesel Campaign

ARRA of 2009 DERA Details

- DERA Final Allocation
 - **\$300M for National and State Programs**
 - National and State program funding split 70%-30%
 - State program matching incentive provision removed
 - 2% for EPA Administrative costs
- All ARRA of 2009 DERA grants will focus on promoting economic recovery, preserving and/or creating jobs, and reducing diesel emissions.

ARRA of 2009 DERA Details

- All grants will be new
- Grants will have new/different requirements in addition to DERA requirements
 - Reporting on job creation/retention
 - More frequent reporting on finances, projects
 - Milestones for expenditures
 - Project/budget period through **Sept. 30, 2010**
- Grants must be awarded quickly

Diesel Emissions Reduction Program

\$300 Million under ARRA of 2009 DERA

National Program

By statute
70% of funding - \$206M

State Program

By statute
30% of funding - \$88M



**National Clean Diesel
Funding Assistance Program
Regional Grant Competitions**
\$156M

SmartWay Clean Diesel Finance Program - \$30M

Clean Diesel Emerging Technologies Program
By statute \leq 10% of funding - \$20M

Note: EPA may use up to 2% (\$6M) for administrative costs

National Clean Diesel Campaign

\$300 Million for ARRA of 2009 DERA

National Component

\$206 Million
(70%)



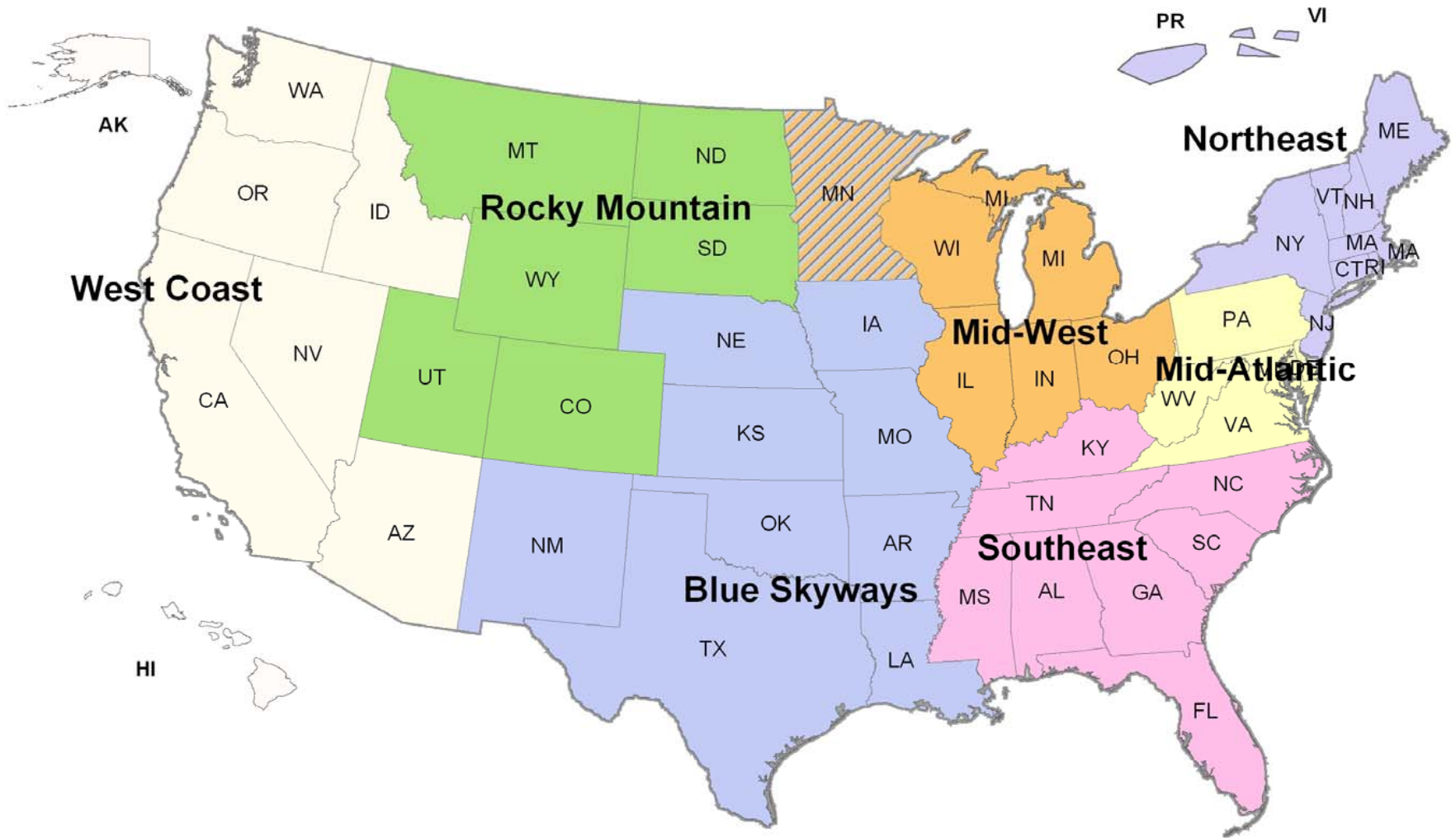
National Clean Diesel Funding Assistance Program
\$156M

SmartWay Clean Diesel Finance Program ~\$30M

Clean Diesel Emerging Technologies Program
~\$20 M

Nationwide
competitive grant
process

Regional Clean Diesel Collaboratives



National Clean Diesel Funding Assistance Program: Eligible Entities

- Regional, state, local, tribal or port agency with jurisdiction over transportation or air quality; and
- Nonprofit organization or institution which
 - Represents or provides pollution reduction or educational services to persons or organizations that operate diesel fleets; or
 - Has, as its principle purpose, the promotion of transportation or air quality

National Clean Diesel Funding Assistance Program: Eligible Fleets and Equipment

- Buses
- Medium or heavy duty trucks
- Marine engines
- Locomotives



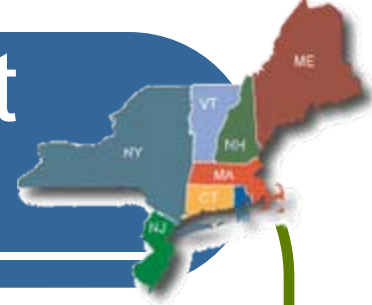
- Nonroad engine, stationary engine or vehicle used for:
 - Construction
 - Handling of cargo (including at a port or airport)
 - Agriculture
 - Mining
 - Energy production

National Clean Diesel Funding Assistance Program: Priority Projects

Project proposals that align with these priorities, along with job creation/retention, will receive higher scores in the evaluation process:

- Maximize public health benefits
- Are the most cost-effective
- Are in areas with high population, air quality issues, and air toxic concerns
- Are in areas that receive a disproportionate quantity of air pollution (i.e. truck stops, ports)
- Maximize the useful life of the engine
- Conserve diesel fuel and utilize ULSD (early introduction of ULSD for nonroad projects)

Regional Significance: Northeast Diesel Collaborative (NEDC)



- EPA Regions 1 and 2, NESCAUM and the eight Northeast states established the Northeast Diesel Collaborative to:
 - Significantly expand existing, and develop new, regional partnerships to reduce diesel emissions and protect public health
 - Leverage new funding for initiatives to reduce emissions in key sectors, including:
 - Federal and State Grant Programs
 - Funds from enforcement settlements
 - Federal Transportation Funds (e.g., Congestion Mitigation/Air Quality-CMAQ)
 - Private Sources
- Puerto Rico and the U.S. Virgin Island joined the partnership in 2007 and 2008, respectively

Regional Significance: NEDC Priorities

- NEDC builds upon successful partnerships of EPA, the states and NESCAUM
- NEDC focuses on reducing emissions from existing diesel fleets in five key sectors:
 - Transit – buses, locomotives, commuter boats
 - Ports
 - Construction
 - Freight
 - Municipal Vehicles – school buses, DPW vehicles

National Clean Diesel Funding Assistance Program: Use of Funds

- Technologies and engines must be verified and/or certified by USEPA or CARB
www.epa.gov/cleandiesel (select *Verified Technology List*)
- Incremental cost of engine/vehicle replacement (old engine must be sent to be remanufactured or scrapped), engine repower, engine rebuild
- Cleaner fuels
 - Covers incremental costs of cleaner fuel versus conventional diesel fuel

National Clean Diesel Funding Assistance Program: Use of Funds

- Idle Reduction Technologies (EPA approved)
 - Electrified Parking Spaces (truck stop electrification)
 - Auxiliary Power Units and Generator Sets
 - Fuel Operated Heaters
 - Battery Heating and Air Conditioning Systems
 - Thermal Storage Systems
 - Shore Connection Systems and Alternative Maritime Power

<http://www.epa.gov/cleandiesel>

National Clean Diesel Funding Assistance Program: % of \$ for Technologies/Projects

- EPA's Clean Diesel funding will cover up to:
 - **75% for engine repowers**
 - 25% for all replacements except
 - 50% for school buses that meet 2010 standards
 - 100% for retrofit technologies
 - 100% for idle reduction technologies
 - 100% for engine upgrades (kits only)
 - 100% for incremental cost of cleaner fuels

National Clean Diesel Funding Assistance Program: ARRA of 2009 Estimated Timeline

| Activity | Date |
|---|---------------------------------------|
| Information and preparation of applications | February |
| Application submissions | March 19 – April 28 (deadline) |
| EPA evaluations | April |
| Project review and award | May |
| Project implementation | June 9, 2009 – Sept. 30, 2010 |

National Clean Diesel Campaign

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National Component

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(70%)



National Clean Diesel Funding Assistance Program
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SmartWay Clean Diesel Finance Program ~\$30 M

Clean Diesel Emerging Technologies Program
~\$20 M

**Competitive grant
program to
establish
innovative finance
mechanisms**

SmartWay Clean Diesel Finance Program: Overview

- HQ conducting competition and managing grants
- For grants which establish innovative finance program for eligible vehicle or equipment owners
- Everything else is the same as National Competition
 - Same eligible entities
 - Same eligible vehicles & equipment
 - Same priority projects

SmartWay Clean Diesel Finance Program: Use of Funds

- Finance Program grants are used to establish loans or other mechanisms, which:
 - Have better than market terms (e.g., lower interest rate, lower closing costs, greater loan approval rates, etc).
- Any program income generated must be used to further the project's clean diesel goals (e.g., more loans for cleaner vehicles).

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**Competitive grant
program to deploy
emerging
technologies not
yet verified**

Clean Diesel Emerging Technologies Program: Overview

- Program is for projects that will use technologies not yet verified and/or commercialized but on EPA's Emerging Technology List
- Program does not cover research and development costs
- Only eligible entities can apply

Clean Diesel Emerging Technologies Program: Manufacturers

- Manufacturers should partner with an eligible entity
- Manufacturers must be on EPA's emerging technologies list prior to RFA closing date
 - To get on this list, manufacturers must work with EPA to apply for verification and develop a test plan for evaluating their technology

www.epa.gov/cleandiesel
select *Emerging Technologies*

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State Component

\$88 Million
(30%)

**Non-competitive
allocation grant
program for States**

DERA State Program

ARRA Funding Highlights

- **\$88M for State Program**
 - If all 50 states and DC apply for funds:
~ **\$1.73M per grant**
 - Otherwise, the DERA allocation population formula will apply
- States must establish new grants with this funding
- Expediency for project implementation is a critical priority

ARRA of 2009 DERA Grant Program: Resources and Tools

- EPA web site
 - State Program materials
 - National program sample application
 - List of previously awarded grants
 - State and Local Toolkit
 - Posted RFAs
 - Forms for application (all regular required grants forms)
- Application Assistance Calls (see web site for times, call-in numbers)

Things To Do Now

- Prepare to implement a clean diesel project quickly and efficiently
- Communicate with potential partners
- Organize fleet information
- Develop budget
- Begin working on Statement of Work (based on FY 08 RFP) and other grant forms