

# National Clean Diesel Campaign Clean Diesel Programs

## FY08 Clean Diesel Program Overview



**National Clean Diesel Campaign**

# Why Clean Diesel?

- Reducing diesel emissions is one of our country's most important air quality challenges
- Diesel engines are the workhorses of the nation; millions of diesel engines already in use continue to emit large amounts of nitrogen oxides, particulate matter and air toxics
- These emissions are linked to premature deaths, asthma attacks, lost work days, and other health impacts every year

# The Good News

- Cost-effective solutions are available now
- Funding is available too
- How? The National Clean Diesel Campaign – Clean Diesel Programs



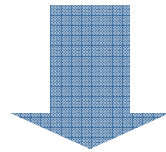
[www.epa.gov/cleandiesel](http://www.epa.gov/cleandiesel)

# National Clean Diesel Program

\$49.2 Million for 2008

## National

\$34.4 Million (70%)



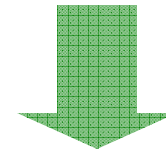
National Clean Diesel  
Funding Assistance Program \$27.6 M

Clean Diesel Emerging Technologies Program ~\$3.4 M

National Clean Diesel Finance Program ~\$3.4 M

## State

\$14.8 Million (30%)



State Clean Diesel Grant Program \$14.8 M

State Base

Matching Bonus

# National Clean Diesel Campaign

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## National Component

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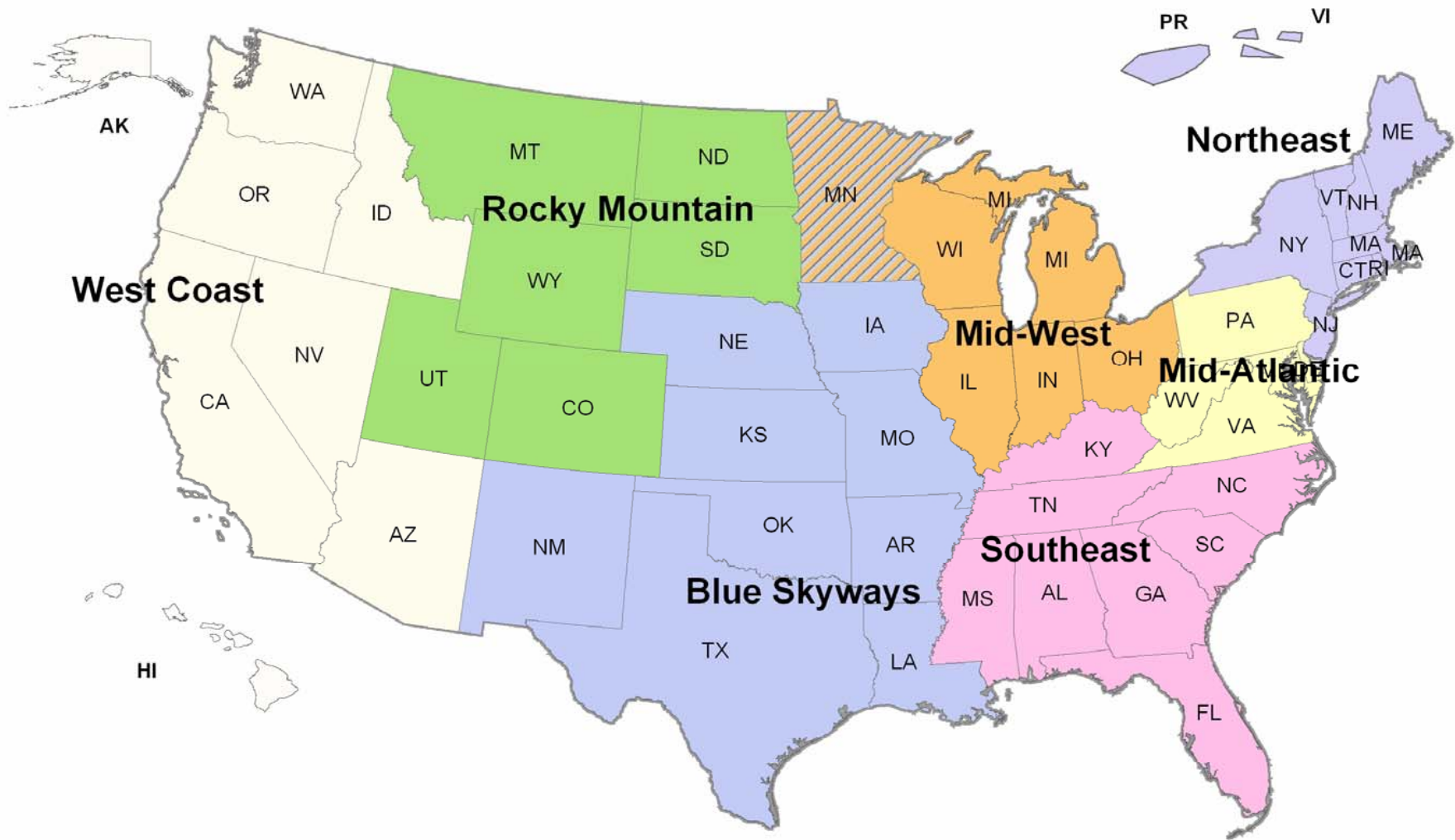
National Clean Diesel Funding Assistance Program  
\$27.6 M

National Clean Diesel Finance Program ~\$3.4 M

Clean Diesel Emerging Technologies Program  
~\$3.4 M

Competitive grant  
process managed  
through EPA  
regions

# Regional Clean Diesel Collaboratives



# Regional Collaboratives

- Northeast Diesel Collaborative (Regions 1, 2)
  - <http://www.northeastdiesel.org/>
- Mid-Atlantic Diesel Collaborative (Region 3)
  - <http://www.dieselmidatlantic.org/diesel/index.htm>
- Southeast Diesel Collaborative (Region 4)
  - <http://www.southeastdiesel.org/>
- Midwest Clean Diesel Initiative (Region 5)
  - <http://www.epa.gov/midwestcleandiesel/>
- Blue Skyways Collaborative (Regions 6, 7 plus Minnesota)
  - <http://www.blueskyways.org/>
- Rocky Mountain Clean Diesel Collaborative (Region 8)
  - <http://www.epa.gov/region8/air/rmcdc.html>
- West Coast Collaborative (Regions 9, 10)
  - <http://westcoastcollaborative.org/>

# 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: Public Fleets

At least 50% of funding is dedicated for the benefit of public fleets

- Will include private fleets contracted or leased for public purpose, such as private school buses or refuse haulers
- Only eligible entities can apply directly for funds (i.e., school district applies on behalf of private school bus contractor)



# National Clean Diesel Funding Assistance Program: Use of Funds

- Cannot fund the cost of emissions reductions mandated under Federal, State or Local law
- Grants are not for emissions testing

# 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](http://www.epa.gov/cleandiesel) (select *Verified Technology List*)
- Incremental cost of engine replacement (sent to be remanufactured or scrapped), engine repower, engine rebuild

# National Clean Diesel Funding Assistance Program: Use of Funds

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

<http://www.epa.gov/cleandiesel>  
select *Idle Reduction*

# National Clean Diesel Funding Assistance Program: Use of funds

- **Cleaner fuels**
  - Covers incremental costs of cleaner fuel versus conventional diesel fuel
- **Innovative Financing Projects**
  - Regional or state specific programs (for vehicles or engines operating exclusively within a State, Territory or Tribal Land)

# National Clean Diesel Funding Assistance Program: Eligible Fleets and Equipment

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



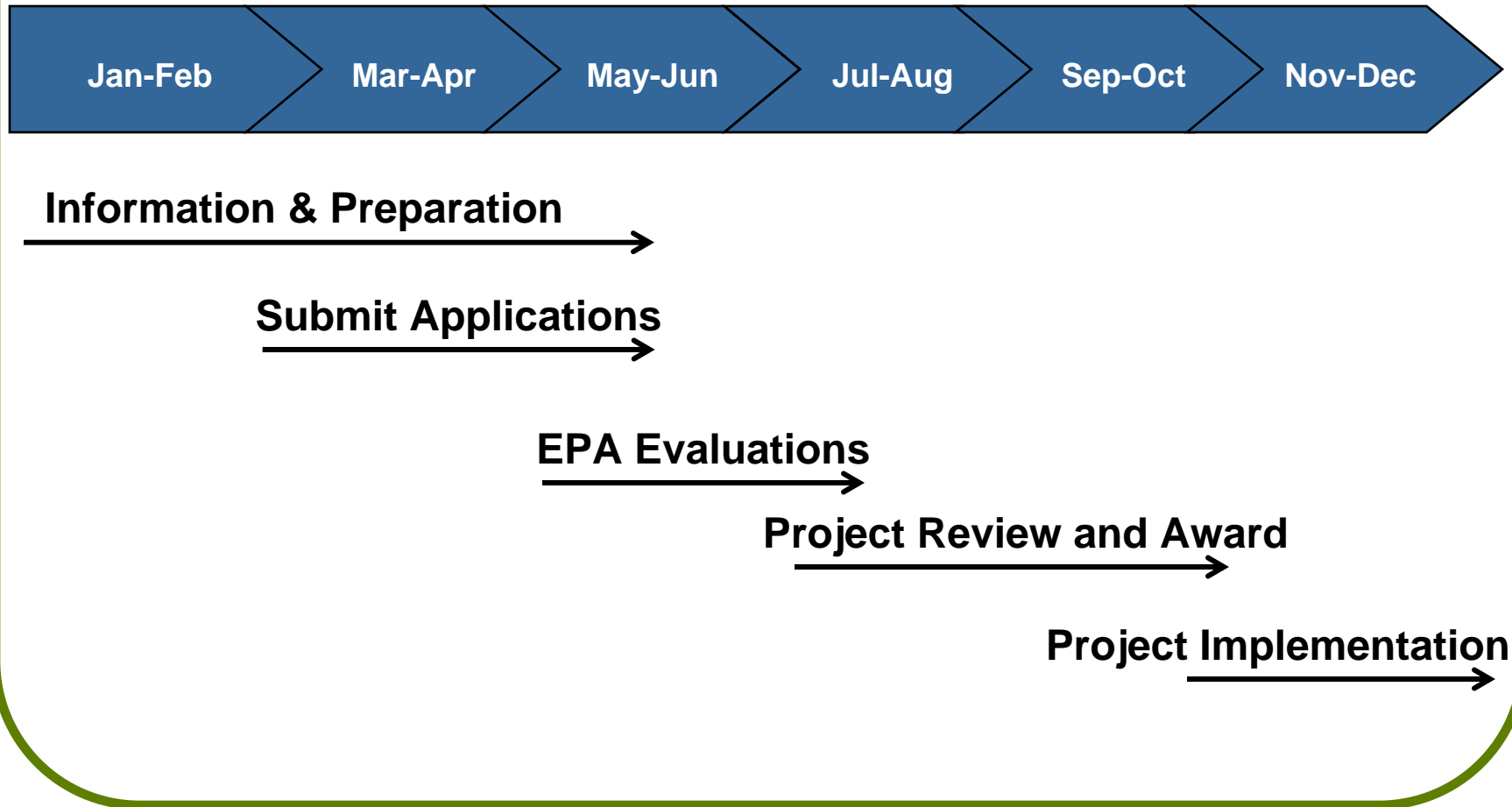
- Nonroad engine, stationary engine or vehicle used for:
  - Construction
  - Handling of cargo (including at a port or airport)
  - Agriculture
  - Mining
  - Energy production

# National Clean Diesel Funding Assistance Program: Priority Projects

Project proposals that align with these priorities 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)

# National Clean Diesel Funding Assistance Program: FY08 Estimated Timeline





# National Clean Diesel Campaign

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National Clean Diesel Funding Assistance Program  
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Clean Diesel Emerging Technologies Program  
~\$3.4 M

Competitive grant  
program to  
establish  
innovative finance  
mechanisms

# National Clean Diesel Finance Program: Overview

- Two distinct funding opportunities for innovative financing for DERA eligible projects
  - EPA will award grants based on vehicle or equipment travel:
    - If the vehicle or equipment operates exclusively within the State, Territory, or Tribal Land for the duration of the project period, then the proposal should be sent to the EPA regional grant solicitation
    - If the vehicle or equipment travels through States, Territories, or Tribal Lands for the duration of the project period, then the proposal should be sent to the EPA National Clean Diesel Finance Program
- Everything else is the same
  - Same eligible entities
  - Same eligible vehicles & equipment
  - Same priority projects

# National Clean Diesel Finance Program: Use of Funds

- Finance Program grants are used to establish innovative financing projects. The projects must:
  - Result in lower loan interest rates for the buyer of clean vehicles or equipment; and/or
  - Result in greater loan approvability rate for the buyer of clean vehicles or equipment; and/or
  - Result in an increased financial incentive for buying clean vehicles or equipment when compared to similar vehicles or equipment without the clean technology

# National Clean Diesel Finance Program: Examples

## Examples of Innovative Finance Projects:

- Loan guarantee
- Equity Investment
- Tax-exempt or taxable bonds
- Revolving loan fund

# National Clean Diesel Finance Program: FY08 Estimated Timeline

<b>Activity</b>	<b>Date</b>
Information and preparation of applications	January – February
Application submissions	March – April
EPA evaluations	May – June
Project review and award	July -- August
Project implementation	August 2008 - 2010

Any funding not utilized by this program will revert to  
the National Funding Assistance Program

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Clean Diesel Emerging Technologies Program  
~\$3.4 M

Competitive grant  
program to deploy  
emerging  
technologies not  
yet verified

# Clean Diesel Emerging Technologies Program: Overview

~\$3.4 million in FY08

- Separate grant competition from the national funding assistance program
- Program is for projects that will use technologies not yet verified and/or commercialized but on EPA's emerging technology list
- Program does not pay for research and development
- 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 closing date of RFP
  - 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](http://www.epa.gov/cleandiesel)  
select *Emerging Technologies*



# Clean Diesel Emerging Technologies Grant Program: FY08 Estimated Timeline

<b>Activity</b>	<b>Date</b>
Information and preparation of applications	Jan – May
Application submissions	May – June
EPA evaluations	July – September
Project review and award	September – November
Project implementation	Fall/Winter 2008 - 2010

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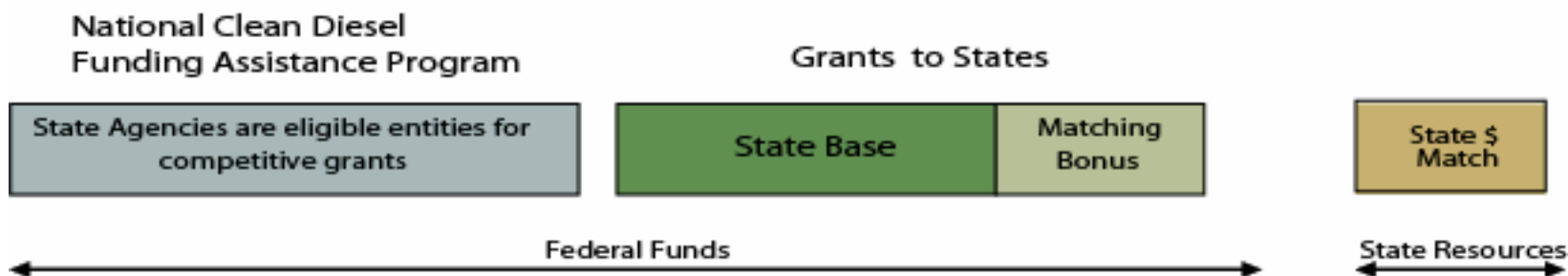
# State Clean Diesel Grant Program: Overview

States play an important role  
as partners in Clean Diesel

- Allocation program; not a competition
- EPA encourages all States to participate

# State Clean Diesel Funding

## Possible State Clean Diesel Program Funding



State Clean Diesel Programs can be a mix of EPA grants to states, competitive EPA grants, and State matching funds.

# State Clean Diesel Grant Program: Funding Allocation

- ~ \$10M for states that apply
  - If all 50 states participate, 2% for each
  - If fewer than 50 states participate, 2% plus population formula
- ~ \$5M reserved as incentive for state match
  - Match not required
  - If State matches allocation dollar for dollar, State receives an additional 50% of allocation above
  - Any funding not utilized reverts to national program
- Award amounts to states could range from \$200,000 to over \$1,000,000

# State Clean Diesel Grant Program: Eligible Entities and Lead Agency

- States only
- One agency per state will be recipient of funds
- EPA presumes the lead is the state agency with jurisdiction over air quality
- If alternate agency preferred, guidance will be provided in the *Federal Register*
- Letter to Governors from Administrator sent prior to *Federal Register Notice*

# State Clean Diesel Grant Program: Use of Funds

- States shall use funds to develop and implement grant and low-cost revolving loan programs as appropriate to meet State needs and goals relating to the reduction of diesel emissions
  - 15% cap on administrative costs
- Grants or loans provided by States may be used for projects relating to certified engine configurations, verified technology (including idle reduction) or emerging technologies
  - States can subgrant funds

# State Clean Diesel Grant Program FY08 Estimated Timeline

<b>Activity</b>	<b>Date</b>
Notice of funding availability (FR)	Mar
State electronic <i>Letter of Intent</i> due to EPA	April
EPA response with potential funding level to states	May
State application packages due to regions based on allocation level	June
Regional Grants Offices award grants	August
Project period begins	Sept – Oct



# Clean Diesel Programs: Wrap-Up

- Are you an eligible entity?
- Which program applies to you?
- Could you partner with an eligible entity?
- When are applications due?
- What is the best technology for your fleet?

Need more info? [www.epa.gov/cleandiesel](http://www.epa.gov/cleandiesel)



**National Clean Diesel Campaign**

# Need More Information

- Rebecca Russo:
  - [russo.rebecca@epa.gov](mailto:russo.rebecca@epa.gov)
  - 303-312-6757
- <http://www.epa.gov/region8/air/rmcdc.html>
- [www.epa.gov/cleandiesel](http://www.epa.gov/cleandiesel)