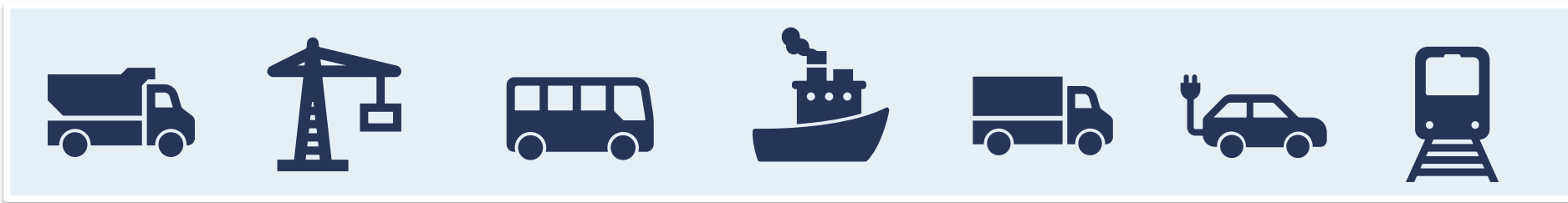


2025-2026 Diesel Emissions Reduction Act (DERA) State Program Overview



Grant Webinar Information Session

*U.S. Environmental Protection Agency (EPA)
Office of Transportation and Air Quality*

Agenda

Overview of the DERA Program

Funding for 2025-2026

Status of Currently Open State Grants

Eligibility

Cost Shares

Funding Restrictions

Next Steps

VW Mitigation Trust

Tools and Resources

Overview of the DERA Program

The DERA Program, originally authorized under the Energy Policy Act of 2005, was reauthorized in the Diesel Emissions Reduction Act of 2010 and in the Consolidated Appropriations Act, 2021. The DERA Program enables the EPA to offer funding to accelerate the upgrade and turnover of legacy diesel fleets.

DERA supports emissions reductions particularly from fleets operating in nonattainment areas or maintenance areas or areas with air toxic pollutant concerns.

The activities to be funded under this funding announcement support Pillar 1: *Clean Air, Land, and Water for Every American* and Pillar 5: *Protecting and Bringing Back American Auto Jobs* of the [EPA's Five Pillars](#), under the “Powering the Great American Comeback Initiative”.



*Application packages must be submitted to EPA via [Grants.gov](https://www.grants.gov) no later than 11/19/2026 at 11:59 p.m. ET.
For more information, please visit <https://www.epa.gov/dera/state>.*

2025-2026 DERA State Program – Details



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2025-2026

DERA State Program—Funding



Congress appropriated \$90 million for DERA in FY 2025 and \$90 million for DERA in FY 2026 (for a total of approximately *\$180 million over two years*).

In accordance with 42 U.S.C § 16133, the EPA shall use 30 percent of the funds made available to grant programs administered by the States.

2/3 of the total DERA State funding is made available to the States and territories as their base funding amount. Approximately \$36 million.

1/3 of the total DERA State funding is set aside for the matching incentive (bonus). Approximately \$18 million.

If States/territories do not participate, their base funds will be reallocated among the participating states based on the most recent population census.

States/territories that provide a voluntary match that equals or exceeds the base amount qualify for a bonus amount from EPA equal to ½ the base amount.

Note: State and territory allocations are calculated by different formulas.



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Oversight Overview

Effective grants management is a top priority for the Agency, and the EPA has increased its efforts across all funding programs, including:

Site Visits and Recipient Audits

- Records retention: Recipient must retain all financial records, supporting documents, accounting books, and related materials for three (3) years after delivery of vehicles and equipment.
- Audits: EPA may conduct in-person site visits during implementation and closeout to review documentation; noncompliance is documented and corrective actions are issued.
- Verification: EPA will confirm that federally funded vehicles/equipment are properly installed, operating as intended, and retained in accordance with program requirements.

Program Wide Audits

- All program funds are subject to review and audit to ensure statutory compliance and protect against waste, fraud, and abuse.
- EPA uses audit results, monitoring activities, and internal reviews to strengthen guidance, enhance oversight, and promote consistent implementation.

Compliance Verification

- Recipients must submit semiannual progress reports, and closeout/final reports; submissions are reviewed by multiple staff for accuracy.
- EPA provides ongoing technical assistance, training, and outreach to help recipients understand requirements and maintain compliance throughout the project lifecycle.
- EPA conducts regular coordination meetings and maintains a risk-tracking tool to identify, discuss, and mitigate emerging risks and to support continuous oversight and accountability.



REPORT SUSPECTED FRAUD ACTIVITY HOTLINE Contact Information:

• Phone: (888) 546-8740 • Email: OIG.Hotline@epa.gov

Funding Breakdown

Estimated funding assuming all States and territories participate:

2025 DERA State Funding

Funding Type	State (+ PR & DC)	Territories
Base Funding	\$336,226	\$84,057
Matching Bonus	\$168,113	\$42,028
Total 2025 Funding (Base + Bonus)	\$504,339	\$126,085

2026 DERA State Funding

Funding Type	State (+ PR & DC)	Territories
Base Funding	\$336,226	\$84,057
Matching Bonus	\$168,113	\$42,028
Total 2026 Funding (Base + Bonus)	\$504,339	\$126,085



Application packages must be submitted to EPA via [Grants.gov](https://www.epa.gov/grants) no later than 11/19/2026 at 11:59 p.m. ET.
For more information, please visit <https://www.epa.gov/dera/state>.

Currently Open State Grants

Unless the State has an approved extension, any remaining DERA State Grants from 2022 or earlier must be completed by December 31, 2026, for the State to receive 2025 and 2026 funding.

Extension requests for 2022 and earlier grants will be reviewed by the EPA Regional program office on a **case-by-case basis**.

The 2025-2026 workplan must include a plan to resolve and close out all open and outstandings DERA grants, with a timeline and project plan.



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For more information, please visit <https://www.epa.gov/dera/state>.*

2025-2026 DERA State Program – Eligibility Requirements



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Eligible Vehicles, Engines & Equipment

May include, but are not limited to:

-  Class 5 – Class 8 heavy-duty highway vehicles, including school buses and transit buses
-  Marine engines;
-  Locomotives; and
-  Nonroad engines and equipment used in: *Construction, handling of cargo (including at ports and airports), agriculture, mining, or energy production (including stationary generators and pumps).*

Ownership, Usage, and Remaining Life Requirements

Operational:

The existing vehicle, engine, or equipment must be fully operational. Operational equipment must be able to start, move, and have all necessary parts to be operational.

Ownership:

The participating fleet owner must *currently* own and operate the existing vehicle or equipment and have owned and operated the vehicle or equipment during the two years prior to upgrade.

Remaining Life:

The existing vehicle, engine, or equipment must have at least three years of remaining life when upgraded. Remaining life is the fleet owner's estimate of its operational lifespan before retirement if the unit were not being upgraded or scrapped because of the grant funding regardless of rebuilding or resale. This estimate considers the unit's age, condition, usage, and maintenance.



Documentation Requirements:

Participating fleet owners must attest to the ownership, usage, and remaining life requirements in a signed eligibility statement. The documentation is not required at the time of application but is required if the project is selected for funding. A sample eligibility statement may be found at

<https://www.epa.gov/dera/state>

Ownership, Usage, and Remaining Life Requirements: Continued

Highway Usage:

The mileage of two or more units may be combined to reach the threshold below if those units are scrapped and replaced with a single unit.

Highway engine/vehicle: To be eligible for funding, must have accumulated at least **7,000 miles/year** during the **two years prior to upgrade**.

Exception: If an applicant can demonstrate that a certified highway engine/vehicle is being used in a predominately nonroad manner (e.g., firetrucks or utility trucks which require the vehicle's engine to idle for long periods to power an auxiliary apparatus), engine operating hours as defined below in "nonroad usage" may be used for application eligibility purposes. If selected for award, the EPA will review and approve eligibility on a case-by-case basis.



Documentation Requirements: Participating fleet owners must attest to the ownership, usage, and remaining life requirements in a signed eligibility statement. The documentation is not required at the time of application but is required if the project is selected for funding. A sample eligibility statement may be found at <https://www.epa.gov/dera/state>



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For more information, please visit <https://www.epa.gov/dera/state>.*

Ownership, Usage, and Remaining Life Requirements: Continued

Nonroad Usage:

The engine operating hours of two or more units may be combined to reach the thresholds below if those units are scrapped and replaced with a single unit.

Agricultural Pumps: To be eligible for funding, must operate at least **250 hours/year** during the **two years prior to upgrade**.

All Other Nonroad Engines: To be eligible for funding, must operate at least **500 hours/year** during the **two years prior to upgrade**.

Exception: If an applicant can demonstrate that a nonroad engine/piece of equipment is being used in a predominately highway manner, mileage as defined above in “highway usage” may be used for application eligibility purposes. EPA will review and approve eligibility on a case-by-case basis.

Locomotive and Marine Usage:

The engine operating hours of two or more units may be combined to reach the thresholds below if those units are scrapped and replaced with a single unit.

Locomotive and Marine Usage: To be eligible for funding, must operate at least **1,000 hours/year** during the **two years prior to upgrade**.



Documentation

Requirements: Participating fleet owners must attest to the ownership, usage, and remaining life requirements in a signed eligibility statement. The documentation is not required at the time of application but is required if the project is selected for funding. A sample eligibility statement may be found at <https://www.epa.gov/dera/state>



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For more information, please visit <https://www.epa.gov/dera/state>.*

Project Eligibility

Table 4. Medium- and Heavy-Duty Truck, Transit Bus, and School Bus Project Eligibility

Current Engine Model Year (EMY)	Verified Retrofit Technologies			Verified Idle Reduction, Tires, or Aerodynamics	Vehicle or Engine Replacement: EMY 2024+ (2019+ for Drayage)	Zero-Emission ¹ or Low-NO _x ² Vehicle or Engine Replacement: EMY 2024+	Clean Alternative Fuel Conversion
	DOC +/- CCV	DPF	SCR				
Older - 2006	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2007 - 2009	No	No	Yes	Yes ³	Yes	Yes	Yes
2010 - newer	No	No	No	Yes ³	No	Yes	Yes

- [¹] Eligible zero-emission projects utilizing fuel cell technology are limited to vehicle replacement projects for eligible transit buses, shuttle buses, and drayage trucks.
- [²] Engines are Low-NO_x if they are certified to 0.10g NO_x/bhp-hr or lower. Refer to guidance on identifying a certified highway engine's certified nitrogen oxides (Nox) emissions limit on the [DERA State](#) website.
- [³] Auxiliary power units and generators are not eligible technologies for vehicles with EMY 2007 or newer.

Project Eligibility

Table 5: Nonroad Engine Project Eligibility

Current Engine Tier	Nonroad Equipment Replacement					Verified Retrofit Technologies
	Compression Ignition			Spark Ignition	Zero-Emission ⁴	
	Tier 0-2	Tier 3-4i	Tier 4	Tier 2		
Unregulated – Tier 2	No	No	Yes	Yes	Yes	Yes
Tier 3	No	No	Yes	Yes	Yes	Yes
Tier 4	No	No	No	No	Yes	No
Current Engine Tier	Nonroad Engine Replacement					Verified Engine Upgrade
	Compression Ignition			Spark Ignition	Zero-Emission ⁵	
	Tier 0-2	Tier 3-4i	Tier 4	Tier 2		
Unregulated – Tier 2	No	Yes ⁶	Yes	Yes	Yes	Yes
Tier 3	No	No	Yes	Yes	Yes	Yes
Tier 4	No	No	No	No	Yes	No

^[4] Eligible zero-emission projects utilizing fuel cell technology are limited to nonroad equipment replacements for eligible terminal tractors/yard hostlers, stationary generators, and forklifts.

^[5] Engine replacement with a fuel cell technology is not eligible.

^[6] Tier 3 and Tier 4i engines may be used for engine replacement projects only with an approved best achievable technology analysis.

Project Eligibility

Table 6: Marine Engine Project Eligibility

Engine Category	Engine Horsepower	Current Engine Tier	Engine & Vessel Replacement					Certified Re-manufacture System ⁷	Verified Engine Upgrade
			Compression Ignition			Spark Ignition	Zero-Emission ⁸		
			Tier 1-2	Tier 3	Tier 4				
C1, C2	<803	Un-regulated – Tier 2	No	Yes	No ⁹	Yes	Yes	Yes	Yes
C1, C2	≥804	Un-regulated – Tier 2	No	Yes ¹⁰	Yes	Yes	Yes	Yes	Yes
C1, C2	<803	Tier 3	No	No	No ⁹	Yes	Yes	No	No
C1, C2	≥804	Tier 3	No	No	Yes	Yes	Yes	No	No
C1, C2	≥804	Tier 4	No	No	No	No	No	No	No
C3	All	Un-regulated – Tier 2	No	Yes	No ⁹	No	No	No	No
C3	All	Tier 3	No	No	No ⁹	No	No	No	No

^[7] Some marine engine projects may be subject to the restriction on mandated measures, refer to Section X.D.24 below.

^[8] Zero-emission projects utilizing fuel cell engine and vessel replacements are ineligible.

^[9] Tier 4 engines are not available for this type of engine.

^[10] Tier 3 engines may be used for engine replacement projects with an approved best achievable technology analysis. Over 803 horsepower (HP), Tier 3 engines are not eligible technologies for full vessel replacement projects.



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Project Eligibility

Table 7: Locomotive Engine Project Eligibility

Current Locomotive Tier	Engine & Locomotive Replacement				Verified Retrofit Technologies	Idle-Reduction ¹¹ Technology	Certified Remanufacture System ¹²
	Tier 0–2+	Tier 3	Tier 4	Zero Emission ¹³			
Unregulated – Tier 2+	No	Yes ¹⁴	Yes	Yes	Yes	Yes	Yes
Tier 3	No	No	Yes	Yes	Yes	Yes	Yes
Tier 4	No	No	No	No	No	Yes	No

^[11] Automatic engine start-stop technologies are only eligible to be installed on locomotives currently unregulated or certified to Tier 0, subject to the restriction on mandated measures.

^[12] Some locomotive engine projects may be subject to the restriction on mandated measures.

^[13] Zero-emission projects utilizing fuel cell engine replacement are ineligible. However, zero-emission fuel cell locomotive replacement projects are eligible for funding.

^[14] Tier 3 engines may only be used for an engine replacement project if Tier 4 engines are demonstrated to not be available or feasible through an approved best achievable technology analysis. Full locomotive replacement projects with Tier 3 locomotives are ineligible for funding.



DERA Funding Limit

Table 8: Cost Share Requirements

Eligible Technologies	EPA Funding Limit	Recipient Cost Share
Highway Vehicle Replacement		
Vehicle replacement, with certified engine meeting 0.20-0.11 g NOx/bhp-hr emission limit	25%	75%
Vehicle replacement, with certified engine meeting 0.10-0.036 g NOx/bhp-hr emission limit	35%	65%
Vehicle replacement, with certified engine meeting 0.035 g NOx/bhp-hr or lower emission limit	45%	45%
Highway Engine Replacement		
Engine replacement with certified engine meeting 0.20-0.11 g NOx/bhp-hr emission limit	40%	60%
Engine replacement with certified engine meeting 0.10-0.036 g NOx/bhp-hr emission limit	50%	50%
Engine replacement with certified engine meeting 0.035 g NOx/bhp-hr or lower emission limit	60%	40%
Nonroad/Locomotive/Marine Replacement		
Nonroad equipment, locomotive or vessel replacement with certified engine	25%	75%
Engine replacement with certified engine or zero-emission power source	35%	65%
Nonroad, with unregulated or Tier 1 engine, equipment replacement with current (Tier 4) certified engine or zero-emission power source	40%	60%
EPA certified remanufacture systems	80%	20%
Idle Reduction		
EPA Verified Highway Vehicle Idle Reduction Technologies when combined with new or previously installed exhaust after-treatment retrofit	100%	0%
EPA Verified Locomotive Idle Reduction Technologies	40%	60%
EPA Verified Electrified Parking Space Technologies	30%	70%
EPA Verified Highway Idle Reduction Technologies without new exhaust after-treatment retrofit	25%	75%
EPA Verified Marine Shore Connection Systems	25%	75%
Verified Retrofit Technologies		
EPA or CARB Verified Exhaust After-treatment Retrofits	100%	0%
EPA Verified Engine Upgrade Retrofits	100%	0%
EPA Verified Aerodynamics and Low Rolling Resistance Tires when combined with new exhaust after-treatment retrofit	100%	0%
EPA Verified Hybrid Retrofit Systems	60%	40%
Alternative Fuel Conversion	40%	60%
EPA Verified Fuel and Additive Retrofits when combined with new retrofit, upgrade, or replacement	Cost differential between conventional diesel fuel	0%

Project Eligibility: Highway Vehicle and Engine Replacement Low-NOx Projects

Table 8: Cost Share Requirements – Low-NOx Projects

Eligible Technologies	EPA Funding Limit	Recipient Cost Share
Highway Vehicle Replacement		
Vehicle replacement, with certified engine meeting 0.20-0.11 g NOx/bhp-hr emission limit	25%	75%
Vehicle replacement, with certified engine meeting 0.10-0.036 g NOx/bhp-hr emission limit	35%	65%
Vehicle replacement, with certified engine meeting 0.035 g NOx/bhp-hr or lower emission limit	45%	55%
Highway Engine Replacement		
Engine replacement with certified engine meeting 0.20-0.11 g NOx/bhp-hr emission limit	40%	60%
Engine replacement with certified engine meeting 0.10-0.036 g NOx/bhp-hr emission limit	50%	50%
Engine replacement with certified engine meeting 0.035 g NOx/bhp-hr or lower emission limit	60%	40%

- The above is an excerpt from the cost share table (Table 8) from the Program Guide that is directly applicable to Table 4. Medium- and Heavy-Duty Truck, Transit Bus, and School Bus Project Eligibility (slide 15).
- Engines certified by CARB or the EPA to the above emissions standards qualify for the indicated EPA funding limits.
- Detailed instructions for identifying Low-NOx engines can be found on the www.epa.gov/dera/state website.
- The EPA has developed an optional tool to assist in determining mandatory cost share requirements, also found on the [DERA State](https://www.epa.gov/dera/state) website.

Waivers

The EPA will consider waiver requests from programmatic requirements on a case-by-case basis.

Waivers will only be approved for non-statutory and non-regulatory requirements. Sufficient justification for the waiver must be provided by the State.

States and territories must obtain EPA approval for any waiver request before conducting any work or expending any funds on a project involving a waiver request. Any questions regarding waivers should be directed to the EPA Project Officer.

Best Achievable Technology (BAT)

Participants of any DERA Program funding opportunity should note that when replacing nonroad, marine, and locomotive engines, the selected replacement should represent the Best Achievable Technology (BAT) available for the application.

The BAT is defined as the highest Tier engine that can be used in an engine replacement project.

Analysis Requirements: If selected for funding, recipients must submit a BAT analysis to the EPA for approval **before Tier 3 or Tier 4i nonroad, marine, or locomotive engines may be purchased.**

This analysis is not required at the time of application submittal.

The analysis must be prepared by the engine manufacturer or installer.

Applicants may include costs for design and engineering analysis, including BAT, in the project budget.

Please refer to the Diesel Emissions Reduction Act best achievable technology analysis guidance found on the [DERA State](https://www.epa.gov/dera/state) website for more information on how to conduct a BAT analysis.



2025-2026 DERA State Program – Funding Restrictions



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Funding Restrictions

DERA funds cannot be used for the following activities, as defined in the State Program Guide:

- Federal matching funds for any other federally financed grant
- Expenses incurred prior to the beginning of the project period
- Emissions testing
- Fueling or charging infrastructure (other than locomotive and vessel shore power)
- Federally mandated measures
- Leasing vehicles, engines, or equipment
- Fleet expansion (*i.e.*, scrappage is required)
- Replacement retrofit technologies

Eligible and ineligible project costs are further defined in the State Program Guide.

Build America, Buy America (BABA) Guidance

BABA requires that all iron, steel, manufactured products, and construction materials used in federally-funded infrastructure projects be produced in the United States. **Please consider this information when preparing budget information.**

Certain mobile equipment, vehicles, engines, and fueling infrastructure that serve a public purpose and are part of a DERA-funded project must adhere to BABA. This can include items purchased using non-EPA funding if they are part of the same DERA-funded project based on the purpose, time, and place test. For example, infrastructure dedicated to fueling DERA-funded vehicles that is installed around the same time the vehicles are deployed may be subject to BABA regardless of funding source.

For more information about BABA requirements for DERA projects, applicants should consult the [BABA Implementation Procedures for OTAQ's Federal Assistance Programs](#).

A list of approved EPA general applicability waivers is available on the EPA's [Build America, Buy America website](#). When supported by rationale provided in [IIJA §70914](#), the recipient may submit a project-specific waiver request to the EPA if available general applicability waivers do not apply. For more information on waivers, see Section 5 and Appendix 5 of the [BABA Implementation Procedures for OTAQ's Federal Assistance Programs](#).

For questions about BABA requirements, email BABA-OTAQ@epa.gov.



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2025-2026 DERA State Program – Next Steps



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Next Steps – *State Program*



1. Visit the DERA Website for Tools & Resources



2. Submit the Notice of Intent to Participate (NOIP) for FY25 and FY26 by October 8, 2026



3. Submit Workplan to Regional Contact by November 5, 2026



4. Prepare and Submit Application Package on Grants.gov by **November 19, 2026, at 11:59 PM Eastern Time (ET)**



Next Steps



1. Visit the DERA Website for Tools & Resources

- ☐ **For more information** about the **2025-2026 DERA State Program** and related funding opportunities, **please visit** <http://www.epa.gov/dera/state>.
 - ☐ The 2025-2026 DERA State Program Guide includes information on how to prepare and submit an application package. **The application package must be received by 11:59 p.m. ET on *November 19, 2026*.**
 - ☐ **Please refer to Section VII** in the Program Guide **to ensure that all required materials are included** in the application package.

- ☐ **Other Tools and Resources**
 - ☐ Application Documents List available at <http://www.epa.gov/dera/state>, including but not limited to, the [DERA Supplemental Application Template \(xlsx\)](#) also known as Burden Statement for EPA Form: 5900-681, [Priority Area List](#), [TRU Factsheet](#), [Sample Scrappage Statement](#), and [Sample Eligibility Statement](#).
 - ☐ **Shore Power Calculator Tool** is available online at [Shore Power Technology Assessment at U.S. Ports](#).
 - ☐ **Overview of the initial steps that an applicant must complete to apply for an EPA grant**, including obtaining a Unique Entity Identifier (UEI) at SAM.gov and registering with Grants.gov. www.epa.gov/grants/how-register-apply-grants.

Next Steps



2. Submit NOIP by
October 8, 2026

NOIPs are due to DERA@epa.gov by **October 8, 2026.**

NOIPs can be signed by
hand or electronically

EPA will use the NOIPs to determine participation and
final allocations

2025 and 2026 funding
will be awarded as one
single, new grant award.

EPA will then notify participants of final allocations by
October 15, 2026.

Next Steps

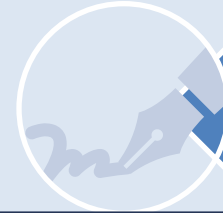


3. Submit Workplan
by November 5, 2026.

- ☐ 2025-2026 DERA State Program Work Plan and Supplemental Application
Templates are due to EPA Regional contacts no later than **November 5, 2026**, for initial review.
 - ☐ [DERA Supplemental Application Template \(xlsx\)](#) also known as the Burden Statement for EPA Form: 5900-681 includes the Applicant Fleet Description.
 - ☐ Provide a best estimate of equipment and technology for of **ALL data fields** to be impacted by 2025-2026 State Grant Funds.
 - ☐ Note: Proposed projects at the time of application are not binding, but the information included should be complete based on realistic implementation.
 - ☐ EPA Regional Contacts will need to review and offer feedback before Grants.gov submission.



Next Steps



4. Prepare and Submit Application Package on Grants.gov by November 19, 2026 at 11:59PM ET

The screenshot shows the Grants.gov homepage. At the top left is the Grants.gov logo with the tagline "FIND. APPLY. SUCCEED.". To the right are links for "Help", "Register", and "Login", and a search bar labeled "Search site content". Below the header is a navigation menu with links: "Home", "Learn Grants", "Search Grants", "Applicants", "Grantors", "System-To-System", "Forms", "Connect", and "Support". The main content area features a large banner with a smiling woman. On the left side of the banner is a white box titled "Discover Your Next Grant" with the text "Explore federal grant opportunities with our enhanced, user-friendly search." and a blue "Search Now" button. Below the banner is a light blue section titled "i Informative status" with a "Reminder" paragraph. At the bottom is a footer with icons and links for "Search Grants", "Get Started", "Grant Policies", "Grant-Making Agencies", "Prevent Scams", "Community Blog", "Twitter Feed", "YouTube Videos", "User Guide", and "Support Center". A red speech bubble with a white exclamation mark is overlaid on the right side of the banner, pointing towards the submission deadline text in the adjacent blue box.

Discover Your Next Grant
Explore federal grant opportunities with our enhanced, user-friendly search.
[Search Now](#)

i Informative status
Reminder: Federal agencies do not publish personal financial assistance opportunities on Grants.gov. Federal funding opportunities published on Grants.gov are for organizations and entities supporting the development and management of government-funded programs and projects. For more information about personal financial assistance benefits, please visit USA.gov.

[Search Grants](#) [Get Started](#) [Grant Policies](#) [Grant-Making Agencies](#) [Prevent Scams](#) [Community Blog](#) [Twitter Feed](#) [YouTube Videos](#) [User Guide](#) [Support Center](#)

4. Submit Application Package on Grants.gov by **November 19, 2026, at 11:59 PM ET**

*Application packages must be submitted to the EPA via Grants.gov no later than 11/19/2026 at 11:59 p.m. ET.
For more information, please visit <https://www.epa.gov/dera/state>.*

Important Dates and Summary



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Important Dates

September 24, 2026	The EPA distributes 2025-2026 State Program materials.
October 8, 2026	Notice of Intent to Participate (NOIP) due to DERA@epa.gov
October 15, 2026	The EPA emails final allocations.
November 5, 2026	Workplan and Supplemental Application Template due to EPA Regional Office(for review).
November 19, 2026, at 11:59 p.m. ET	Application package due in Grants.gov.
December 17, 2026	Project period begins as early as December 17, 2026, for 2025-2026 awards.
December 16, 2029	Project completion deadline

Volkswagen (VW) Mitigation Trust



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For more information, please visit <https://www.epa.gov/dera/state>.*

Volkswagen (VW) Mitigation Trust Overview

50 states,
DC, Puerto
Rico, and
federally
recognized
Tribes are
eligible to
become
beneficiaries

Each beneficiary will receive a specific allocation of funds that can be used for any of the listed eligible mitigation actions (EMAs).

The allocation structure is primarily based on the number of registered illegal VW vehicles within the boundaries of the beneficiary.

Appendix D lists 9 eligible mitigation actions as well as a 10th EMA, the “DERA Option.”



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VW Mitigation Trust – Eligible Mitigation Actions

Eligible Mitigation Projects

- Class 8 local freight trucks and port drayage trucks
- School/shuttle/transit bus
- Locomotive switchers
- Ferries/tugboats
- Ocean going vessel shore power
- Class 4-7 local trucks
- Airport ground support equipment
- Forklifts and cargo handling equipment at ports
- Light duty zero-emission vehicle supply equipment (up to 15% of allocation)

DERA Option (#10)

- Option to use VW Trust Funds for actions eligible under DERA (may or may not be eligible under VW EMAs)
- Beneficiaries may use VW Trust Funds for their DERA non-federal voluntary match
- State and Tribal DERA grants only
- VW DERA Option Factsheet
 - <https://www.epa.gov/dera/volkswagen-vw-settlement-dera-option>

VW Mitigation Trust – DERA Option

Most of the eligible project types under the DERA Option allow VW Trust funds to pay for only a certain percentage of the project.

In addition, DERA grants require a mandatory cost-share.

VW Trust funds cannot be used to meet this non-federal mandatory cost-share requirement.

Mandatory cost-share funds cannot count towards the State's voluntary matching funds to qualify for the matching incentive (bonus).

VW Mitigation Trust – DERA Option Examples

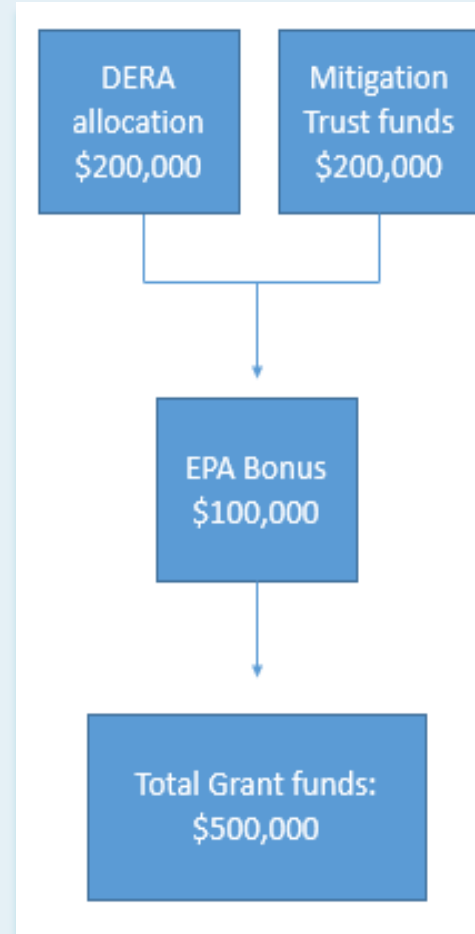
Example A: VW Trust funds can be used to match the EPA base funding for DERA State grants.

- State's DERA allocation in 2025 is ~\$200,000.
- State uses \$200,000 in Trust funds as the 1:1 voluntary non-Federal match.
- State bonus is 50% of the base amount \$100,000.
- Total State grant is \$500,000.
- State will receive \$300,000 from DERA and \$200,000 from the VW Trust.

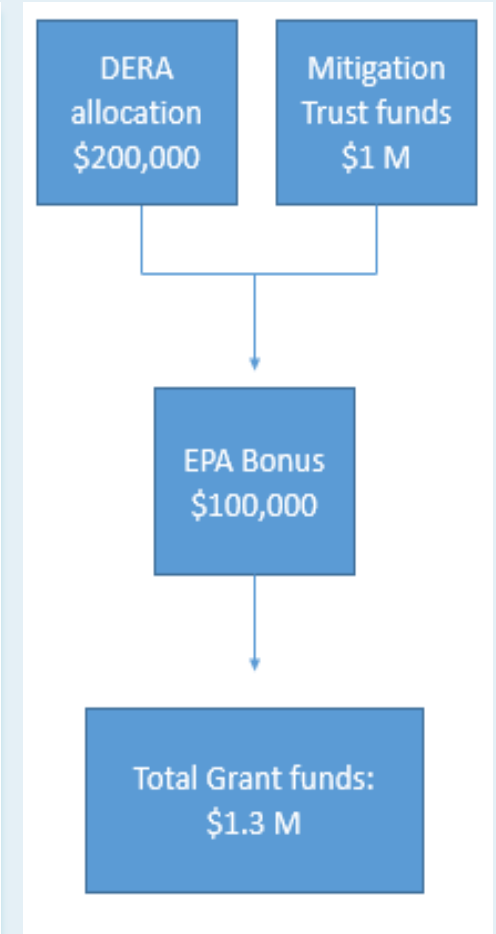
Example B: VW Trust funds can be greater than the 1:1 voluntary match above.

- State's DERA allocation in 2025 is ~\$200,000.
- State may use a larger amount - \$1,000,000 in this example - in VW Trust funds.
- State bonus DERA amount of \$100,000.
- State's DERA Clean Diesel Grant program for 2025 would be \$1.3 million.
- State will receive \$300,000 from DERA and \$1,000,000 from the VW Trust.

Example A



Example B



VW Mitigation Trust – Reporting

A Beneficiary which chooses the DERA Option must submit DERA Quarterly Programmatic Reports and a Final DERA Programmatic Report to the EPA as required under the DERA grant terms and conditions.

A Beneficiary may submit its DERA reports to the Trustee to fulfill reporting obligations for the portion of its VW Trust funds using the DERA Option.

Summary

2025-2026 DERA State Program

- 2025-2026 Notice of Intent to Participate (NOIP) must be submitted to EPA via email (DERA@epa.gov) by **October 8, 2026**.
- EPA will inform States and territories of the final allocation via email on **October 15, 2026**.
- Application packages must be submitted to the EPA via Grants.gov no later than **November 19, 2026, at 11:59 p.m. ET**.

Resources

- The EPA's [DERA State](#) website.
- The DERA Helpline (dera@epa.gov).
- View the **2025-2026 DERA State Program Guide** and all required application documents at www.epa.gov/dera/state.
- Copies of this presentation will be available at: <https://www.epa.gov/dera/state>.



Questions: Please type any questions into the question box. If your question is unable to be answered during the webinar, we will make sure it's noted and addressed as appropriate.

Thank you!



*Application packages must be submitted to the EPA via [Grants.gov](https://www.epa.gov/grants) no later than 11/19/2026 at 11:59 p.m. ET.
For more information, please visit <https://www.epa.gov/dera/state>.*