

National Clean Diesel Campaign

American Recovery and Reinvestment
Act of 2009

Diesel Emission Reduction Act Funding

March 2009



National Clean Diesel Campaign

New Opportunity: American Recovery and Reinvestment Act of 2009 Funding

- President Obama signed Bill into Law on February 17, 2009
- \$789 Billion economic stimulus package includes funding for EPA's DERA program

New Opportunity: American Recovery and Reinvestment Act of 2009 Funding

Under the American Recovery and Reinvestment Act of 2009 and the Diesel Emissions Reduction National Program (DERA) (part of the Energy Policy Act of 2005), EPA's National Clean Diesel Funding Assistance Program is soliciting applications nationwide for projects that can be commenced expeditiously, reduce diesel emissions, and maximize job creation and/or preservation and economic recovery through a variety of diesel emission reduction strategies.

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 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

ARRA Diesel Emissions Reduction Program

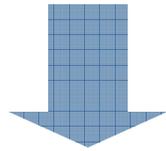
\$300 Million under ARRA of 2009 DERA

National Program

By statute
70% of funding - \$206M

State Program

By statute
30% of funding -- \$88M



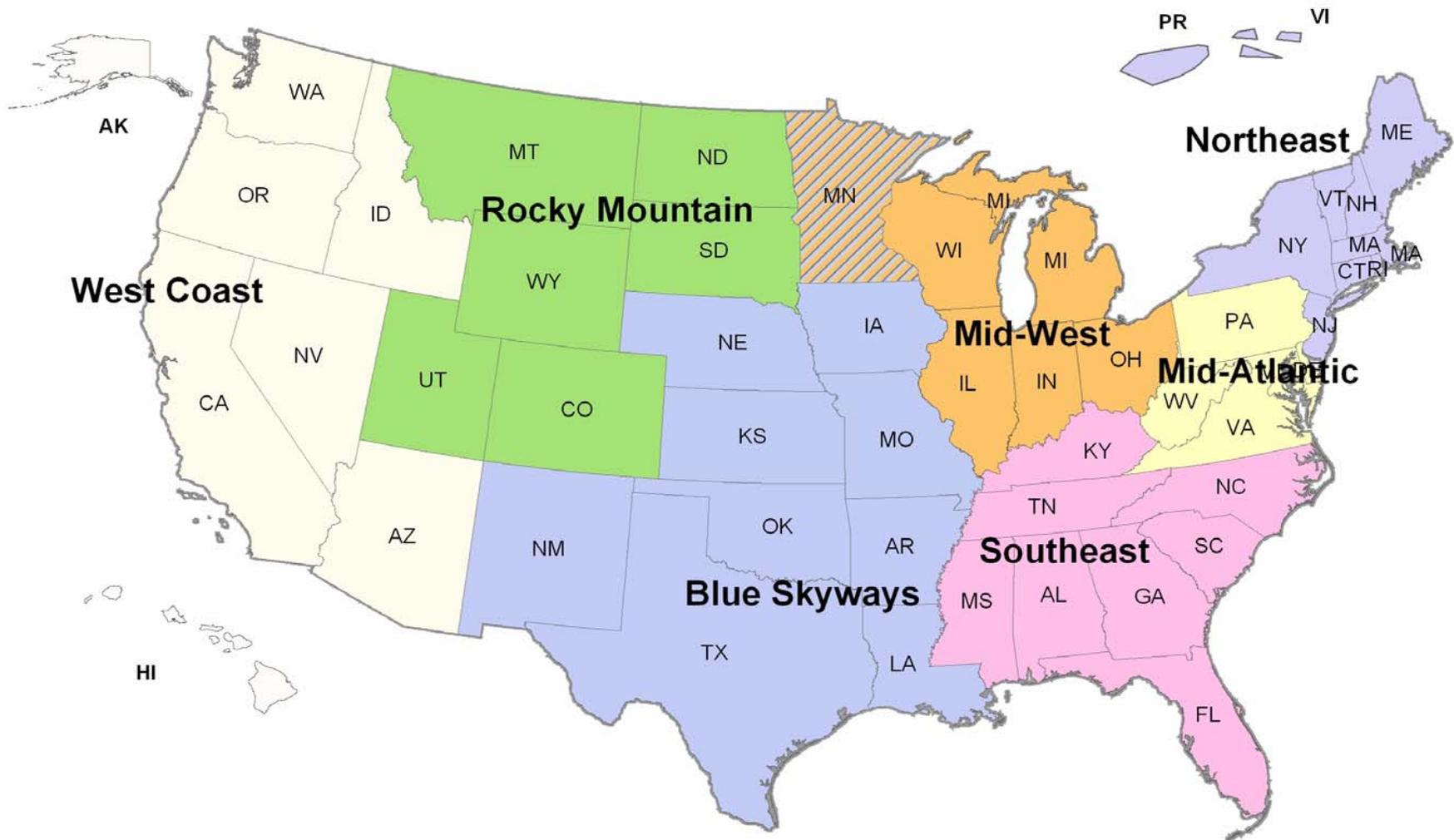
**National Clean Diesel
Funding Assistance Program
Regional Grant Competitions**
\$156M

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

Regional Clean Diesel Collaboratives



ARRA 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 principal purpose, the promotion of transportation or air quality

ARRA National Clean Diesel Funding Assistance Program

EPA's Clean Diesel funding will cover:

- **Verified Retrofit Technologies:** Up to 100% of the cost of eligible exhaust controls and engine upgrades.
- **Verified/Certified Cleaner Fuel Use:** Cost differential between the eligible cleaner fuels and conventional diesel fuels.
- **Verified Idle Reduction Technologies:** Up to 100% of the cost of eligible technologies.
- **Verified Aerodynamic Technologies and Low Rolling Resistance Tires:** Up to 100% of the cost of eligible aerodynamic and tire technologies.
- **Certified Engine Repower:** Up to 75% of the cost of an eligible engine repower.
- **Certified Vehicle/Equipment Replacement:** Up to 25% of the cost of an eligible new vehicle or piece of equipment (except for school buses).

ARRA National Clean Diesel Funding Assistance Program

EPA's Clean Diesel funding will cover:

- **School Bus Replacement:**

- For replacement buses that meet EPA's 2010 emissions standards for heavy-duty on-highway vehicles, EPA will fund up to 50% of the cost of an eligible replacement school bus.
- For replacement buses that meet EPA's 2007 emissions standards for heavy-duty on-highway vehicles, EPA will fund up to 25% of the cost of an eligible replacement school bus.

ARRA National Clean Diesel Funding Assistance Program

Eligible Funding Ranges for EPA Regions 9 and 10

- **Region 9:** Only applications requesting EPA funding between \$500,000 and \$10,000,000 will be accepted. It is anticipated that 5-8 Region 9 assistance agreements will be made from this announcement.
- **Region 10:** Only applications requesting EPA funding between \$500,000 and \$3,000,000 will be accepted. It is anticipated that 10 Region 10 assistance agreements will be made from this announcement.

ARRA 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 or non-profit applies on behalf of private school bus contractor)



ARRA 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

ARRA 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
- 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 Priorities in RFA
- **Applicants responsible for number of jobs in OWN organization only – EPA will calculate industry impacts**

Region 9 and 10 Priorities

- The extent to which the proposed project is located in areas with high population density and/or located in a poor air quality area (including non-attainment or maintenance of national ambient air quality standards for a criteria pollutant; or areas with toxic air pollutant concerns);
- The extent to which the proposed project reduces emissions along interstate and international goods movement corridors;
- The extent to which the proposed project achieves greenhouse gas emission reductions;
- The extent to which the applicant works with communities and/or tribes in project development and implementation (see Section VIII.B for additional information);
- The extent to which the project uses the most cost effective approach for the proposed emission reductions.

ARRA 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*)
- For engine/vehicle replacement, old engines must be sent to be remanufactured or scrapped
- Cleaner fuels
 - Covers incremental costs of cleaner fuel versus conventional diesel fuel

ARRA 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: Use of Funds

- Cannot fund the cost of emissions reductions mandated under Federal, State or Local law
- Grants are not for emissions testing
- Cannot fund fueling infrastructure costs, such as the acquisition cost of tanks, the construction or acquisition costs of fuel depots, or the construction or acquisition costs of biodiesel manufacturing facilities

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

Activity	Date
Request for Application	March 19
Application submissions	April 28
EPA evaluations	May
Project review and award	June
Project implementation	June 2009 – Sept. 30, 2010

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 ~\$30 M

Clean Diesel Emerging Technologies Program
~\$20 M

Competitive grant
program to
establish
innovative finance
mechanisms

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).

SmartWay Clean Diesel Finance Program: Examples

Examples of Innovative Finance Projects:

- Loan funds to diesel fleet owners to install idle controls (at lower interest rate or 0%). Repaid loan funds are then loaned again to more fleet owners.
- States or non-profits partner with lending institutions:
 - Partnership receives grant and leverages this money by borrowing additional funds at lower interest rate (equity investment). Low-cost loans are made for clean diesel retrofits or replacements.

SmartWay Clean Diesel Finance Program: ARRA of 2009 Estimated Timeline

Activity	Date
Request for Applications	March 19
Application submissions	April 28
EPA evaluations	May
Project review and award	June
Project implementation	June 2009 – Sept. 30, 2011

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

National Clean Diesel Campaign

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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 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*

Clean Diesel Emerging Technologies Grant Program: ARRA of 2009 Estimated Timeline

Activity	Date
Request for Applications	March 19
Application submissions	May 5
EPA evaluations	May
Project review and award	June
Project implementation	June 2009 – Sept 30, 2010

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

National Clean Diesel Campaign

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(70%)



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

Clean Diesel Emerging Technologies Program
~\$20M

State Component

\$88 Million
(30%)

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

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”
- States can subgrant or subaward funds
- Funding may go to Federal, local and/or state mandated retrofits under State program

DERA State Program ARRA Funding Highlights

- \$88M for State Program
 - All 50 states and DC apply for funds: ~ \$1.73M per grant
 - Otherwise, the DERA allocation population formula will apply
- Matching incentive provision is removed under stimulus
- States can use up to 15% for program administration (travel, personnel, etc.)
- States must establish new grants with this funding
- Expediency for project implementation is a critical priority
- Leftover funding reverts back to National Program

ARRA of 2009 DERA Grant Program

How to Apply

- Hard copy or e-mail submissions
- Download application forms at EPA's Office of Grants and Debarment website:
http://www.epa.gov/ogd/grants/how_to_apply.htm

ARRA of 2009 DERA Grant Program

How to Apply

- Applicants must submit their applications to the EPA regional office which covers the project location.
- Each regional office will only accept applications for projects that take place solely within that EPA region.
- Applicants are allowed to submit multiple applications so long as each application is for a separate project, is separately submitted and takes place within only one EPA region.

ARRA of 2009 DERA Grant Program: Resources and Reporting

- EPA web site www.epa.gov/recovery
 - Questions on Application Process
e-mail Cleandiesel@EPA.gov
 - Answers Posted at
<http://www.epa.gov/otaq/eparecovery/documents/faq-national-rfa.pdf>
- Centralized federal government ARRA reporting site: www.recovery.gov

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/>