

National Clean Diesel Campaign Clean Diesel Programs

FY08 Clean Diesel Program Overview

NACAA Mobile Sources and Fuels Committee

February 26, 2008



National Clean Diesel Campaign

Legislation Re-cap

Authorization: Energy Policy Act of 2005

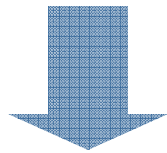
- Sub-Title G, Sections 791-797
- Diesel Emissions Reduction Program (sometimes called Clean Diesel or “DERA”)
- \$200M per year for five years
- Separate authorization, not Clean Air Act 103 or 105
- Allows for “implementation” rather than “demonstration”

National Clean Diesel Program

\$49.2 Million for 2008

National

\$34.4 Million (70%)



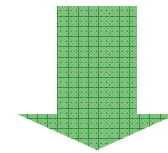
National Clean Diesel
Funding Assistance Program \$27.6 M

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

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National Clean Diesel Finance Program ~\$3.4 M

Clean Diesel Emerging Technologies Program
~\$3.4 M

Competitive grant
process managed
through EPA
regions

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

- Verified and/or certified retrofit technologies and engines by USEPA or CARB, www.epa.gov/cleandiesel (select *Verified Technology List*)
- Incremental cost of engine replacement (sent to be remanufactured or scrapped), engine repower, engine rebuild
- EPA-verified idle reduction technologies (e.g., APUs, truckstop electrification)
- Incremental costs of cleaner fuels
- Innovative financing projects for regional or State specific programs
- Cannot fund the cost of emissions reductions mandated under Federal, State or Local law

National Clean Diesel Funding Assistance Program: Eligible Fleets and Equipment

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



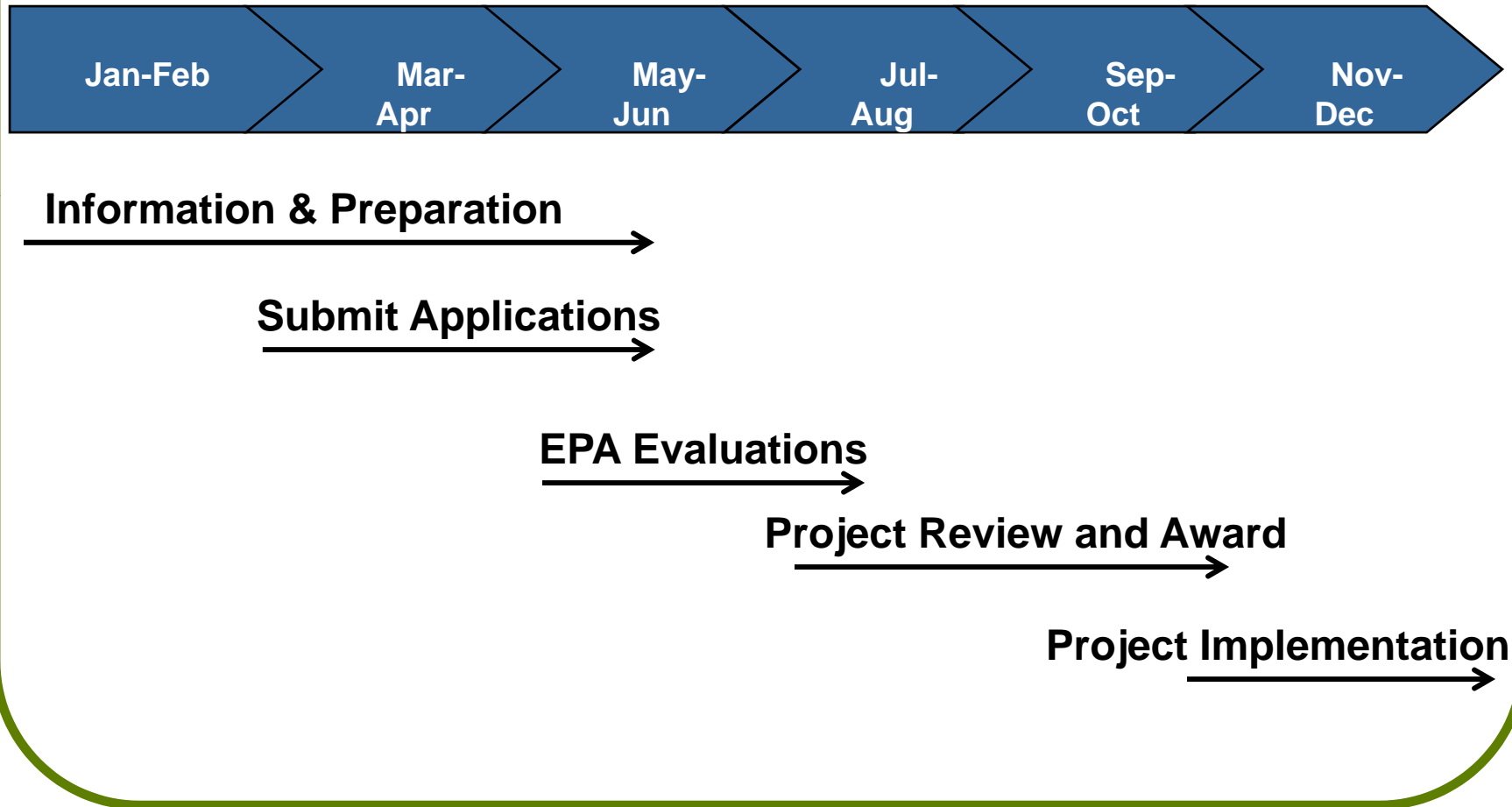
- Nonroad engine, stationary engine or vehicle used for:
 - Construction
 - Handling of cargo (including at a port or airport)
 - Agriculture
 - Mining
 - Energy production

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



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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: FY08 Estimated Timeline

Activity	Date
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 the closing date of the 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
select *Emerging Technologies*

Clean Diesel Emerging Technologies Grant Program: FY08 Estimated Timeline

Activity	Date
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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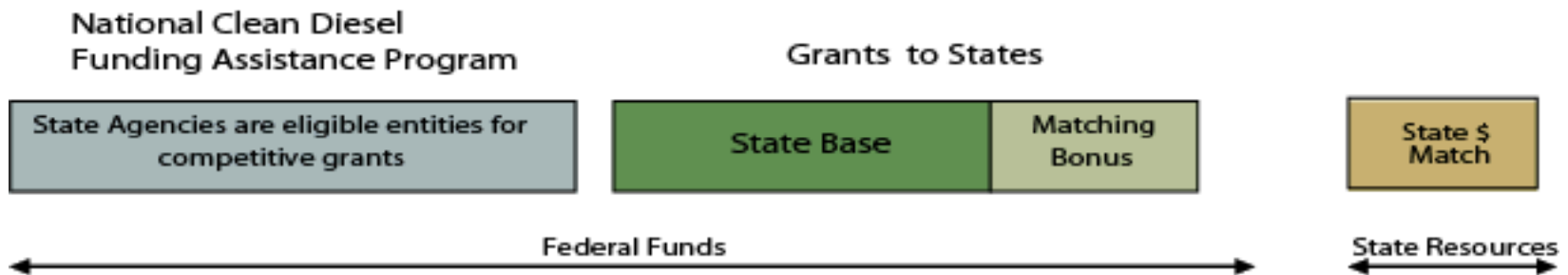
State Clean Diesel Grant Program: Overview

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: 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: 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
 - If State matches entire 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 \$2,000,000 depending on number of States who participate

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: Matching Funds

- State or private sources
- Monetary or in-kind contributions
- Federal funds cannot be used as match

State Clean Diesel Grant Program: Application Procedures

- Notice of intent to apply from States (template provided)
- States submit work plan (template provided)
- Electronic submission of application materials

State Clean Diesel Grant Program: Renewal Process

- EPA is directed to establish a streamlined annual renewal process
- New allocations will be determined each year
 - States not participating in FY08 have opportunity to apply for future year funding
- Firm renewal dates will be set

State Clean Diesel Grant Program: Resources and Tools

EPA will provide guidance to states

- Process and forms for application
- Cost-effectiveness of technologies
- State and local program examples

www.epa.gov/cleandiesel

State Clean Diesel Grant Program FY08 Estimated Timeline

Activity	Date
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

Next Steps

- Regions publish RFP's for National Funding Assistance Program
- OTAQ publishes RFP's for Finance and Emerging Technology Programs
- Publication of Federal Register guidance for State Program
- Outreach to stakeholders
 - Finance Program Conf Call March 4th