

How To Apply for Environmental Project Funds Under the HDD Settlement

Prepared by STAPPA/ALAPCO November 1998

Although EPA has not made available any formal instructions on how to apply for funds under the heavy-duty diesel engine settlement, we have been advised of the following information, which may help you in preparing and submitting a proposal.

Available Funds

Five companies are required to fund environmental projects as part of the settlement – Cummins, Caterpillar, Detroit Diesel, Mack/Renault and Volvo. Of the total amount of fines levied for environmental projects – \$109 million – up to 30 percent may be held back by companies as part of an incentive program for them to achieve additional NOx reductions..

Of the remaining funds ("Net Project Funds"), which will total between approximately \$74 million and \$109 million, depending on the amount reduced through the company incentive program 20 percent – \$15-22 million – goes to California (although others, including state and local air agencies, may apply to California for these funds), 55 percent – \$41-60 million – will be put toward projects identified under Appendix E of the consent decrees (interested parties are invited to bid for funds to conduct all or part of an Appendix E project) and 25 percent – \$19-27 million – will be made available for other projects, to be selected by the companies from among those submitted as proposals during the consent decree comment period. (Appendix E projects are outlined in documents provided on Air Web.) If any company decides not to take advantage of the incentive program, the associated funds held back will be added to the total amount made available for open bidding for environmental projects.

Content of Proposal

If you are interested in applying for funds being awarded by the five companies, you must submit a letter directly to the company or companies from which you would like to receive the funds (you may submit the same proposal to any or all of the five companies). Your proposal should be presented in summary form, similar to the format used to describe the projects presented in Appendix E. This summary should provide the following:

1. A clear description/explanation of the project.
2. An explanation of how the project you are proposing meets the criteria and priorities established in Paragraph 89 of Part C (Additional Injunctive Relief/Offset Projects) of the consent decree (Part C is available on Air Web). Briefly stated, in selecting projects, priority will be given to those that provide the greatest quantifiable NOx reductions and cost effectiveness, achieve near-term reductions, leverage funding from other sources, place an emphasis on nonattainment areas, focus on heavy-duty engines and achieve the greatest PM reductions. (Please refer to Part C of the consent decree for the complete explanation of priorities and criteria.)

3. A statement of the cost of the project (i.e., how much money you are requesting).
4. An identification of where the project would take place.
5. A quantification of the emission reductions expected.

If you are interested in applying for funds that have been awarded to California, contact Bill Lovelace of the California Air Resources Board at (916) 327-7214 for information on how to proceed.

Submittal of Proposal

Proposals must be submitted directly to the company or companies from which you are requesting funds. **In addition, you should send copies of all proposals to both EPA and the Department of Justice.** A list of addresses for the companies, EPA and DOJ is available on Air Web.

The deadline for submitting proposals for these funds is January 12, 1999 (extended from December 1, 1998).

Additional Information

For more information concerning the heavy-duty diesel settlement in general or the environmental project funds and the application process, please contact Angela Fitzgerald of EPA OECA at (202) 564-1018 or Karl Simon of EPA OAR at (202) 260-3623.