

US EPA ARCHIVE DOCUMENT

# 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

# 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 incentive 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

# 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

# National Clean Diesel Campaign

\$300 Million for ARRA of 2009 DERA

## National Component

\$206 Million  
(70%)



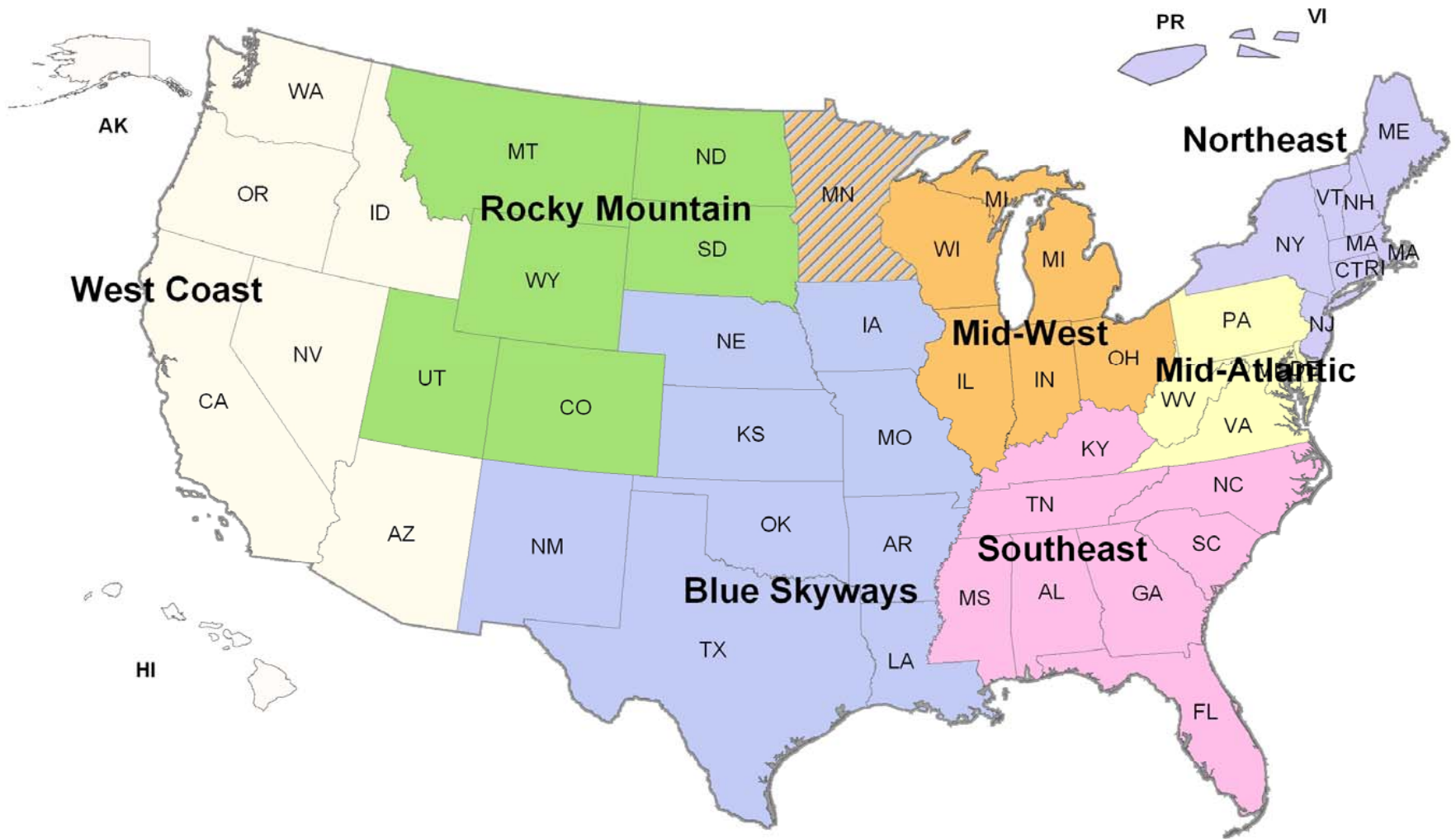
National Clean Diesel Funding Assistance Program  
\$156M

SmartWay Clean Diesel Finance Program ~\$30M

Clean Diesel Emerging Technologies Program  
~\$20 M

Nationwide  
competitive grant  
process

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



# 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, along with job creation/retention, 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: 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/vehicle replacement (old engine must be sent to be remanufactured or scrapped), engine repower, engine rebuild
- Cleaner fuels
  - Covers incremental costs of cleaner fuel versus conventional diesel fuel

# 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: % of \$ for Technologies/Projects

- EPA's Clean Diesel funding will cover up to:
  - 75% for engine repowers
  - 25% for all replacements except
    - 50% for school buses that meet 2010 standards
  - 100% for retrofit technologies
  - 100% for idle reduction technologies
  - 100% for engine upgrades (kits only)
  - 100% for incremental cost of cleaner fuels



# 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

<b>Activity</b>	<b>Date</b>
Information and preparation of applications	February
Application submissions	March – <b>April 13</b> (deadline)
EPA evaluations	April
Project review and award	May
Project implementation	June 9, 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: Overview

- HQ conducting competition and managing grants
- For grants which establish innovative finance program for eligible vehicle or equipment owners
- Everything else is the same as National Competition
  - Same eligible entities
  - Same eligible vehicles & equipment
  - Same priority projects

# 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

<b>Activity</b>	<b>Date</b>
Information and preparation of applications	February
Application submissions	March – <b>April 13</b> (deadline)
EPA evaluations	April
Project review and award	May
Project implementation	June 9, 2009 – Sept. 30, 2010

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

# National Clean Diesel Campaign

\$300 Million for ARRA of 2009 DERA

## National Component

\$206 Million  
(70%)



National Clean Diesel Funding Assistance Program  
\$156 M

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](http://www.epa.gov/cleandiesel)  
select *Emerging Technologies*

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

<b>Activity</b>	<b>Date</b>
Information and preparation of applications	February
Application submissions	March – <b>April 20</b> (deadline)
EPA evaluations	May
Project review and award	May/June
Project implementation	June 16, 2009 – Sept 30, 2010

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

# National Clean Diesel Campaign

\$300 Million for ARRA of 2009 DERA

## National Component

\$206 Million  
(70%)



National Clean Diesel Funding Assistance Program  
\$156 M

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
  - If 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

# State Program Time Line

<b>Activity</b>	<b>Date</b>
<b>Notice of Intent to Apply Sent out to States via email</b>	<b>Feb 26</b>
<b>Work Plan Template and program information sent out to States by Regions (provided by EPA OTAQ)</b>	<b>Feb 27</b>
<b>Notice of Intent due back to EPA OTAQ</b>	<b>March 6</b>
<b>EPA OTAQ calculates final amounts for States and sends to Regions; Regions send funding amounts to States</b>	<b>March 11</b>
<b>Work Plan, SF424, SF424A and other required forms sent back to EPA Regions</b>	<b>March 20</b>
<b>Award State Grants</b>	<b>By April 17</b>
<b>Grant Project and Budget Period</b>	<b>April 20, 2009 – September 30, 2010</b>

# ARRA Reporting

- EPA will release information on new ARRA reporting requirements
  - Will include job creation/retention metrics
- Centralized federal government ARRA reporting site: [www.recovery.gov](http://www.recovery.gov)
- Regular DERA reporting also required
  - Number of grants and applications received
  - Amount of each grant
  - Actual and estimated air emissions reductions
  - Cost-effectiveness and cost-benefits
  - Diesel fuel conservation
  - Lessons Learned and additional Information as EPA designates



# ARRA of 2009 DERA Grant Program: Resources and Tools

- EPA web site
  - State Program materials
  - National program sample application
  - List of previously awarded grants
  - State and Local Toolkit
  - Posted RFAs
  - Forms for application (all regular required grants forms)
- Application Assistance Calls (see web site for times, call-in numbers)

# Things To Do Now

- Prepare to implement a clean diesel project quickly and efficiently
- Communicate with potential partners
- Organize fleet information
- Develop budget
- Begin working on Statement of Work (based on FY 08 RFP) and other grant forms