

US EPA ARCHIVE DOCUMENT



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 5
77 WEST JACKSON BOULEVARD
CHICAGO, IL 60604-3590

MAY 08 2008

REPLY TO THE ATTENTION OF:

AR-18J

Mr. Daniel Murray
Assistant Commissioner
Office of Air Quality
Indiana Department of Environmental Management
100 North Senate Avenue
MC 61-50 IGCN 1003
Indianapolis, IN 46204-2251

Re: State Clean Diesel Grant Program; Midwest Clean Diesel Initiative

Dear Mr. Murray:

The purpose of this letter is to notify you of the target budget for the State Clean Diesel Program for Federal Fiscal Year 2008. This target is determined through a formula outlined under the Diesel Emissions Reduction Program in Section 793(c) Subtitle G of the Energy Policy Act of 2005. We are excited about the tremendous response to this program from all States and the growing interest in establishing State Clean Diesel programs.

Estimated EPA Base	State Match	EPA Match Bonus	Potential Total*
\$196,880	\$0	\$0	\$196,880

* This total reflects the amount total of the Estimated EPA Base, State Match, and EPA Match Bonus.

These awards are direct, non-competitive assistance awards. To receive the funds above, you must submit your grant application package by June 23, 2008. States are not required to match the EPA base amount, but if a State chooses to match the entire base, the State will receive a match bonus equal to 50 percent of the U.S. Environmental Protection Agency base funding. States do not have to commit to the match until they submit the application package on or before June 23, 2008. You indicated on the letter of intent that there were no plans to provide matching funds. If you reconsider, additional funds can be obtained.

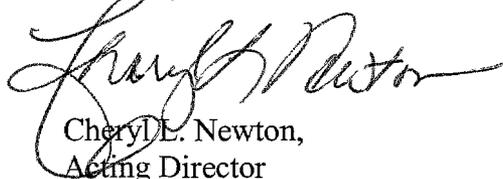
The work plans in the application package will cover a two-year period, October 2008 through September 2010, but States are encouraged to spend this grant funding in the first year of the cycle as the next fiscal year allocation (provided it is appropriated) will also be included in this two-year project period.

These funds are provided to support grant and loan programs to achieve significant reductions in diesel emissions. Through the Midwest Clean Diesel Initiative (MCDI), we have been working with you and other partners toward this same goal and have had many successes. There are many options available for the use of these funds. With the experiences from MCDI, we would offer the following for consideration as a workplan is developed.

- Consider the funds as a longer term effort to create and maintain a clean diesel coalition and to generate significant non-EPA funding and emissions reductions.
- Consider these funds as part of a holistic effort to create a comprehensive clean diesel program in the state.
- Consider a longer term option for creating state match instead of a year to year attempt to locate available funds in order to maximize EPA funding as well as develop an overall funding plan.
- Consider strategies that will impact those hardest hit by the higher price of diesel fuel. For example, loan programs or tax incentives for technologies to reduce idling for independent and small business trucks.
- Consider requiring private companies to match a level of funding, if your grant or loan program includes a private company component, to leverage additional funds.
- Concentrate on EPA and California Air Resources Board verified technologies and certified engines.
- Consider the impact diesel reductions may have in addressing local particulate matter issues.

I appreciate your efforts as we continue working together to accomplish our mutual diesel emission reduction goals. As always, if you have any questions or concerns, you may call me at 312-353-6730 or Steve Marquardt, of my staff, at 312-353-3214. Application materials and instructions are available on the web at www.epa.gov/cleandiesel.

Sincerely,



Cheryl L. Newton,
Acting Director
Air and Radiation Division

cc: Shawn Seals, IDEM
Michael Mendyk, IDEM