

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%)



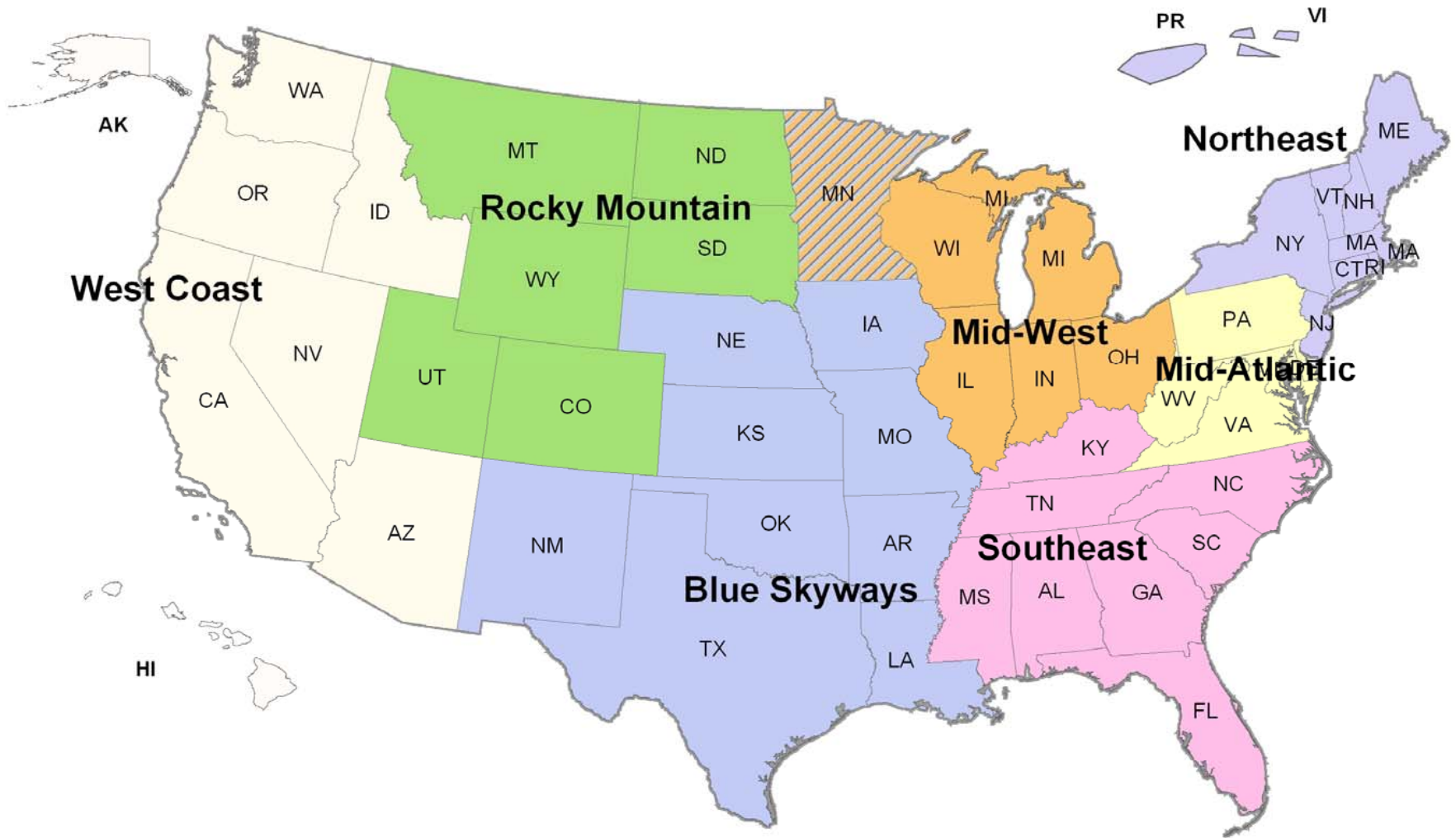
National Clean Diesel Funding Assistance Program
\$156M

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 (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

Activity	Date
Information and preparation of applications	February
Application submissions	March – April 13 (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

Activity	Date
Information and preparation of applications	February
Application submissions	March – April 13 (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

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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
Information and preparation of applications	February
Application submissions	March – April 20 (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

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National Component

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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

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

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
- 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