

Federal Funding -FY09 Overview

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Office Of Transportation & Air Quality

USEPA

www.epa.gov/cleandiesel



National Clean Diesel Campaign

National Clean Diesel Program

\$49.2 Million for 2009 [estimated]

National

\$34.4 Million (70%)



**National Clean Diesel
Funding Assistance Program \$27.6 M**

Clean Diesel Emerging Technologies Program ~\$3.4 M

SmartWay Clean Diesel Finance Program ~\$3.4 M

State

\$14.8 Million (30%)



State Clean Diesel Grant Program \$14.8 M

State Base

Matching Bonus

National Clean Diesel Funding Assistance Program: Priority Projects

Project proposals that align with these priorities will rank higher 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: Eligibility

- Regional, state, local, tribal or port agency with jurisdiction over transportation or air quality; and
- Nonprofit organization focused on air quality/transportation or educational services that operate diesel fleets
- 50% of funding is dedicated to public fleets
- Eligible Fleets: Nonroad equipment, medium & heavy duty trucks, marine & locomotive
- Not Allowed -
 - Federal, State or Local mandates (but early compliance allowed)
 - Fuels infrastructure
 - Emissions testing

National Clean Diesel Funding Assistance Program: Eligibility

- Funding for certified/verified technology/incremental cost of engine replacement, repower or rebuild
- Idle Reduction Technologies (EPA verified)
 - Electrified Parking Spaces (truck stop electrification)
 - **Shore Connections Systems and Alternative Maritime Power**
 - Auxiliary Power Units and Generator Sets
 - Fuel Operated Heaters
 - Battery Heating and Air Conditioning Systems
 - Thermal Storage Systems
- Cleaner fuels
 - Covers incremental costs of cleaner fuel versus conventional diesel fuel
- Innovative Finance Projects

National Program Status

- \$27.6M Available in funding
 - All 7 Regional competitions are now closed
- Total Requested Funds: \$144M
 - 236 applications
 - \$5 for every dollar requested
- Total Applicant Match: ~\$200M
- Total Project Cost for all Applications: ~ \$342M
- Type of Applicant:
 - Local government: 50%
 - State government: 13%
 - Non-profit: 16%
 - Other government (Port/Transit Authority, etc.): 21%
 - Tribes: 1 application
- Awards will be made throughout the Fall

SmartWay Clean Diesel Finance Program

Grants are used to establish loan guarantee, equity investment, tax-exempt or taxable bonds, or revolving loan funds that:

- Result in lower loan interest rates for the buyer of clean vehicles or equipment; and/or
- Result in greater loan approvability rate for the buyer of clean vehicles or equipment; and/or
- Result in an increased financial incentive for buying clean vehicles or equipment when compared to similar vehicles or equipment without the clean technology
- \$3.4M in FY09

Examples of Innovative Finance Projects

- **Loan guarantee**
 - Grant funds are used to guarantee repayment of loans made by a lender
 - In case of default, the lender uses funds to reimburse the lender
- **Equity Investment**
 - Uses grant funds to leverage additional funds from a lending institution.
 - The lower interest rate comes from blending of grant funds and borrowed funds.
- **Tax-exempt or taxable bonds**
 - The finance program may be used to underwrite the cost of issuing a bond which is then used to create innovative loans to support eligible activities.
 - Bond allows a public or private entity to raise capital by promising to pay a certain interest rate over a predetermined period of time.
- **Revolving loan fund**
 - Grant funds are used to make direct loans.
 - As borrowers pay the loans back, the returned money is re-loaned to support eligible activities.

See www.epa.gov/cleandiesel for more information

Clean Diesel Emerging Technologies Program

~\$3.4 million in FY09

- Separate grant competition from the national funding assistance program
- Program is designed to establish projects that will use technologies not yet verified and/or commercialized but on EPA's emerging technology list (see www.epa.gov/cleandiesel *emerging technologies*)
- Program does not pay for research and development
- Only eligible entities can apply

Emerging Technologies Program

- RFP closed September 22nd (~ \$3.4M). Reviewing now.
- Expect joint proposals from eligible entity and manufacturer
- Expect to award 2-5 grants
- Guidance for manufacturers posted on web site
- Six technologies on E.T. list, more expected (marine, NR, highway)
 - <http://www.epa.gov/cleandiesel/prgemerg.htm#list>

SmartWay Clean Diesel Finance Program Grants to be Awarded – Each \$1.13M

● **Cascade Sierra Solutions**

- EPA funds to guarantee loans to provide below-market interest rates
- Loans for truck owners to install and lease SmartWay fuel saving technologies or EPA or CARB-verified emission reduction technologies
- Goal = 1700 trucks

● **Community Development Transportation Lending Services**

- Revolving loan program
- Truck dealerships to offer low interest loans (5.5% - 8.5%) and longer loan payback periods (3-6 years) to qualified applicants
- Buying used trucks upgraded with SmartWay fuel savings idle reduction and/or emission reduction technology
- Goal = 200 used trucks with complete SmartWay upgrades

● **Owner-Operator Independent Drivers Association**

- Offering a financing package with below-market financing and rebates for emission reduction and idle reduction equipment
- Will offer loans to applications with lower FICO scores
- Goal = 561 trucks

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 related to certified engine configurations, verified technology (including idle reduction) or emerging technologies
 - States can subgrant funds

State Clean Diesel Grant Program: Funding Allocation [estimated]

- ~ \$10M for states that apply
 - If all 50 states + D.C. participate, 1.96% for each (\$193K)
 - If fewer than 50 + D.C. states participate, 1.96% plus population formula
- ~ \$5M reserved as incentive for state match
 - Match not required
 - If State matches 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 \$193,000 to over \$500,000

State Clean Diesel Program FY08

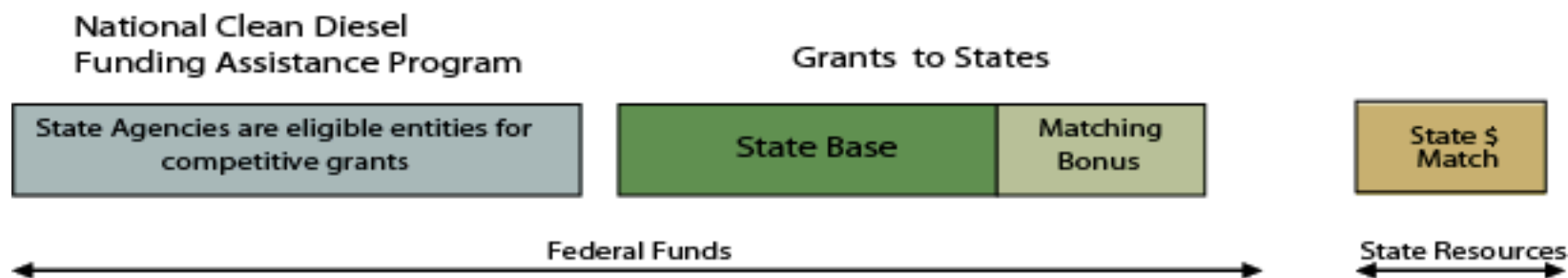
- All 50 States indicated that they will participate
 - 35 of 50 matched
 - Approx \$197K base; +\$98K if matching
 - State grants will range from approx. \$197K to \$492K (with State match)
 - Remaining funds redistributed to Regional RFPs
- Regions are awarding State grants in September
- Project Period Oct. 1, 2008 – Sept. 30, 2010

State Clean Diesel Program Update

- Examples of State grants -
 - One will add its funds (\$492K) to its existing Clean School Bus Fund which will double the amount of retrofits possible this year
 - One will be funding retrofits/repowers of locomotive engines used on commuter trains
 - One is funding truck stop electrification at an international border
 - One is creating a revolving loan account for the purchase and installation of idle reduction technologies on trucks

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 Program: Allocation by legislative formula

Streamlined renewal process for 09

Diesel Emission Reduction Program FY09 RFP Timeline

Activity	Nov-Dec	Jan-Feb	Mar-Apr	May-Jun	Jul-Aug	Sept-Oct
Outreach	National Grant					
	Finance					
	National Emerging Technology					
	State					
Application Process		National Grant				
		Finance				
		Emerging Technology				
		State				
Application Evaluation			National Grant			
			Finance			
				Em. Technology		
			State			
Award Grants	National Grant Announcement - Oct/Nov 09				National Grant	
	SmartWay Finance Announcement - Sept/Oct 09				Finance	
	Emerging Technology Announcement - Oct/Nov 09				Em. Technology	
	State Grant Announcement - Sept/Oct 09				State	

Future Program Planning

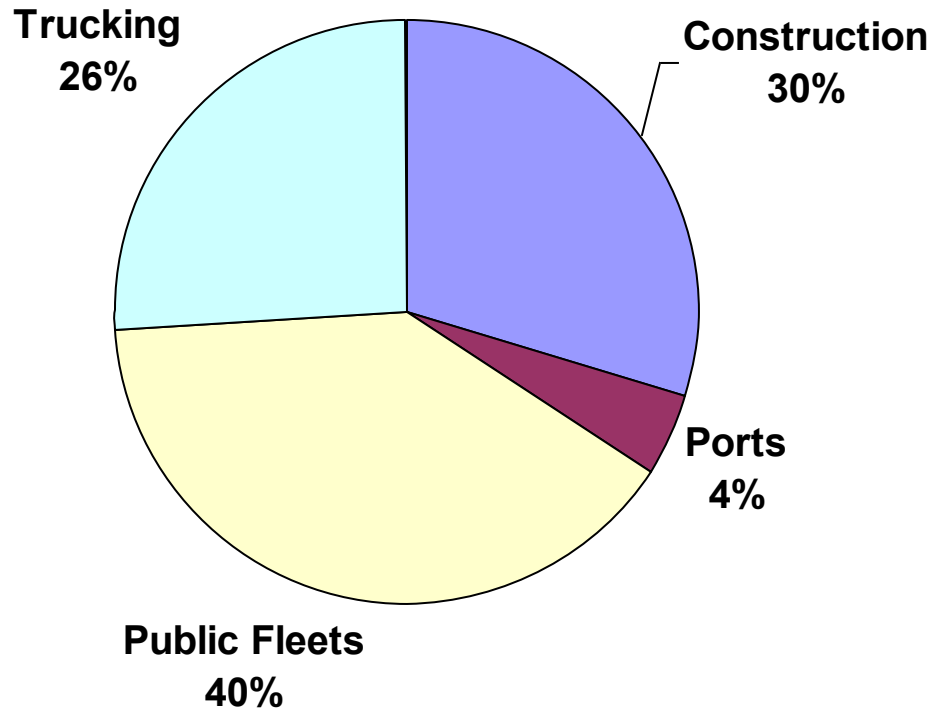
- Report to Congress on FY 08 implementation
- Get ready for any future program funding (FY 09 and out years)
 - Lessons learned
- Foster new emissions control technologies
 - Promote verification, new sectors (marine, locomotive, nonroad)
- Importance of climate change and GHG
 - Black-carbon

U.S. DOT Congestion Mitigation and Air Quality Improvement (CMAQ) Program

- U.S. DOT Funding for Transportation Projects that Reduce emissions
- Must be in or benefit Nonattainment or Maintenance areas
- Diesel Retrofits and Idle Reduction are eligible
- National Authorization levels have been similar. For FY 09 it is \$1.78 Billion.
- Projects are solicited and ranked by individual Metropolitan Planning Organizations (MPOs).
 - *Final Guidance under SAFETEA-LU published in 73 FR 62362, October 20, 2008*
- ***Mike Koontz 202-366-2076 Michael.Koontz@dot.gov***

17 projects totaling \$10.1 million have been funded in the WCC

Sector Splits for CMAQ Funds in WCC



CMAQ is beginning to fund more diesel projects
We expect this trend to continue



**CMAQ funded Port of Seattle Radio Frequency Identification (RFID Project) –
Reduces Truck queuing from 3 minutes to 30 seconds**

USDA Rural Development



Business & Cooperative Programs

Implementation of the 2008 Farm Bill

Title IX Energy Programs

- 9003 – Bioenergy Assistance
- 9004 – Repowering Assistance
- 9005 – Advanced Biofuels
- 9006 – Biodiesel Education
- 9008 – Biomass R&D
- 9009 – Self Sufficiency Initiative
- 9010 – Feedstock Flexibility for Bioenergy Producers
- 9007 – Rural Energy AP)



Anaerobic
Digester

Rural Energy for America Program (Section 9007)



Funding for:

- purchase of renewable energy systems,
- to make energy efficiency improvements,
- to conduct energy audits

Grants up to 25% of project costs

Guaranteed Loan and Grant Combinations up to 75% of project costs

Eligibility entities are agricultural producers and rural small businesses (per SBA guidelines)

Rural Development Websites with Detailed Information

- <http://www.rurdev.usda.gov/rbs/farmbill/index.html>
- http://www.usda.gov/documents/FB08_Pub_Mtg_Renew_Energy_Factsheet.pdf

State Energy Coordinators:

- <http://www.rurdev.usda.gov/rbs/busp/Energy%20Coordinator%20List.doc>



Clean Diesel Emerging Technologies Grant Program: FY09 Estimated Timeline

Activity	Date
Information and outreach	Jan – Feb
Application submissions	Mar – May
EPA evaluations	June -- July
Project review and award	Sept – Oct
Project implementation	Fall/Winter 2009 - 2011

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

State Clean Diesel Grant Program FY09 Estimated Timeline

Activity	Date
Notice of funding availability (<i>Federal Register</i>)	Feb 1 st (target date)
State electronic <i>Notice of Intent to Re-Apply</i> due to EPA	~30 days later (March 6)
EPA response with potential funding level to states	~March 27
State application revisions due to regions based on allocation level	~May 15
Regional Grants Offices amend grants	June - July
Budget period begins for second year of grant	Oct. 1

SmartWay Clean Diesel Finance Program: FY09 Estimated Timeline

Activity	Date
Information and outreach	January
Application submissions	Feb – March
EPA evaluations	April -- May
Project review and award	June -- July
Project implementation	August 2009 - 2013

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

Emerging Technologies now on the List

- Caterpillar, Inc.
 - Marine Engine Upgrade
- ESW Canada
 - DOC + CCV for Marine
- Tinnerman Shadowood
 - Lean NOx, SCR and active DPF for on-highway
- Johnson Matthey
 - SCR and DPF for on-highway engines
- Nett Technologies, Inc.
 - SCR for nonroad engines
- Truck Emission Control Technologies
 - PM and NOx reduction + other system upgrades for Caterpillar on-highway engines