

National Clean Diesel Campaign Clean Diesel Programs

FY09 Clean Diesel Program Overview

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National Clean Diesel Campaign

Why Clean Diesel?

- Reducing diesel emissions is one of our country's most important air quality challenges.
- Diesel engines are the workhorses of the nation; millions of diesel engines already in use continue to emit large amounts of nitrogen oxides, particulate matter and air toxics.
- These emissions are linked to premature deaths, asthma attacks, lost work days, and other health impacts every year.
- Clean diesel projects (this includes propane) offer immediate public health and air quality benefits, especially important in areas of poor air quality such as nonattainment areas.



National Clean Diesel Campaign

- Two components:
 - Regulatory
 - Rules to cover new engines
 - Innovative Strategies
 - Cover existing engines in legacy fleet

Regulatory Actions

✓ 1. Tier 2 Light-Duty Vehicle Program 2004-2009



✓ 2. Heavy-Duty Highway Program 2007-2010



✓ 3. Tier 4 Nonroad Diesel Program 2008-2014



✓ 4. Locomotive and Marine 2009



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But what about the remaining 11 million engines in the legacy existing fleet?

- Incentive-based non-regulatory initiative for existing diesel fleet
 - Clean School Bus USA
 - Clean Ports USA
 - Clean Construction USA
 - Clean Air Agriculture
 - SmartWay Transport

The Good News . . .

- Under the Diesel Reduction Program (EPA Act 2005) EPA was appropriated \$49.2 million for FY08. (DERA)
- Funding is again available for a second year (Fiscal Year 2009)
 - An estimated \$49.2M is available in FY 09
 - Appropriations can vary from year to year
 - watch EPA's web site for any updates
 - Final budget amount → TBD

www.epa.gov/cleandiesel



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 Campaign

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Clean Diesel Emerging Technologies Program
~\$3.4 M

Competitive grant
process managed
through EPA
regions

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: Use of Funds

- Cannot fund the cost of emissions reductions mandated under Federal, State or Local law
 - Early compliance can be funded
- Grants are not for emissions testing
- Grants are not for cleaner-fuels infrastructure, such as tanks, fueling stations, etc.

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 replacement (sent to be remanufactured or scrapped), engine repower, engine rebuild

National Clean Diesel Funding Assistance Program: Use of funds

- **Cleaner fuels**

- Covers incremental costs of cleaner fuel versus conventional diesel fuel

- **Innovative Finance Projects**

- Regional or State specific programs (for vehicles or engines operating exclusively within a State, Territory or Tribal Land)
- Should offer improvement on rates, FICO scores, availability, etc.

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: Public Fleets

At least 50% of funding is dedicated for the benefit of public fleets

- Includes 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 applies on behalf of private school bus contractor; non-profit organization applies on behalf of truckers)



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

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SmartWay Clean Diesel Finance Program ~\$3.4 M

Clean Diesel Emerging Technologies Program
~\$3.4 M

Competitive grant
program to
establish
innovative finance
mechanisms

SmartWay Clean Diesel Finance Program



- Finance Program grants to establish innovative financing projects were awarded on September 24, 2008.
- Three organizations received \$3.4 million for small trucking firms to lower fuel costs and shrink their carbon footprints through innovative loans and rebates:
 - Community Development Transportation Lending Services, Washington, D.C.
 - Cascade Sierra Solutions, Oregon
 - Owner-Operator Independent Drivers Association, Missouri.

SmartWay Clean Diesel Finance Program: Use of Funds

The projects must:

- 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

SmartWay Clean Diesel Finance Program: Examples

Examples of Innovative Finance Projects:

- Loan guarantee
- Equity Investment
- Tax-exempt or taxable bonds
- Revolving loan fund

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Clean Diesel Emerging Technologies Program
~\$3.4 M

Competitive grant
program to deploy
emerging
technologies not
yet verified

Clean Diesel Emerging Technologies Program: Overview

~\$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

Clean Diesel Emerging Technologies Program: Manufacturers

- Manufacturers should partner with an eligible entity
- Guidance for manufacturers posted on web site
 - Technologies must be on the emerging technologies list by close of RFP
 - Approvable application for verification and test plan are required
- Manufacturers must be on EPA's emerging technologies list prior to closing date of RFP
 - 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*

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State Base

Matching Bonus

State Clean Diesel Grant Program: Overview

States play an important role
as partners in Clean Diesel

- Allocation program; not a competition
- Formula for allocation is in the legislation
- EPA encourages all States to participate

State Clean Diesel Grant Program: Eligible Entities and Lead Agency

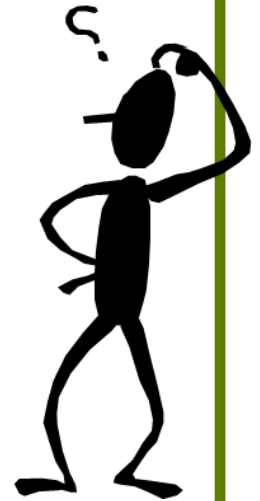
- States and District of Columbia only
- One agency per State is recipient of funds
- EPA presumes the lead is the State agency with jurisdiction over air quality
 - FY 08 participating States chose their lead agency last year
- If alternate agency preferred, guidance is provided in the *Federal Register*

Diesel Emission Reduction Program FY09 RFP Timeline

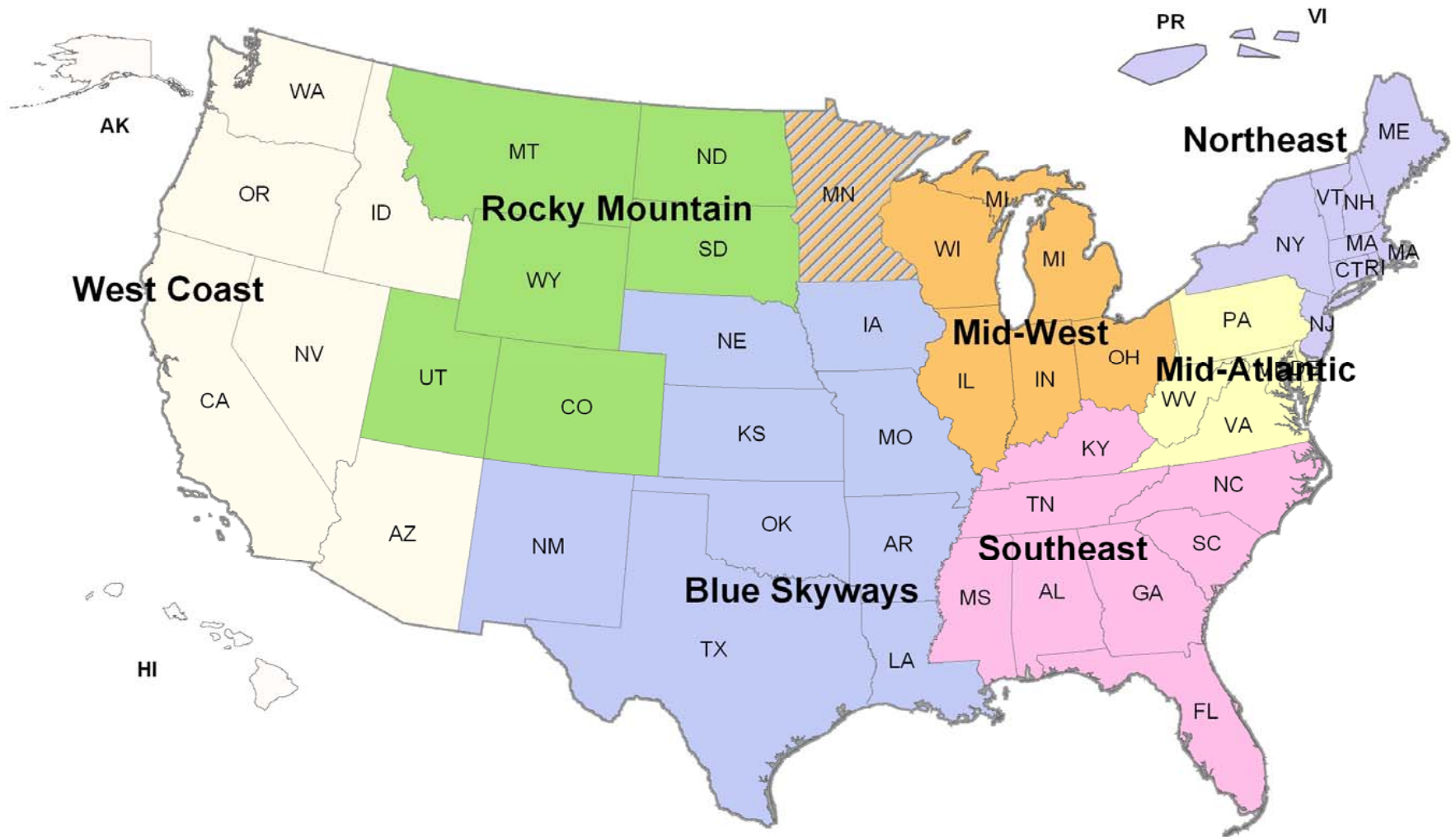
Activity	Nov-Dec	Jan-Feb	Mar-Apr	May-Jun	Jul-Aug	Sept-Oct
Outreach	National Grant					
	Finance					
	National Emerging Technology					
	State					
Application Process		National Grant				
		Finance				
		Emerging Technology				
		State				
Application Evaluation			National Grant			
			Finance			
				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	

How can propane get in the game?

- Are you an eligible entity? Could you partner with an eligible entity?
 - PERC
 - School District
 - State Air Agency
- Which program applies to you?
- Explore possible projects in all available sectors
 - On Road
 - Off Road
 - Agriculture
 - Marine/Ports/Airports
 - Electric Generation
- Share new information and success stories
 - Educate fleet managers/decision makers about propane advantages
 - Help school districts develop & propose sustainable propane projects



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 Campaign: Next Steps

- Award grants:
 - State and Innovative Finance Programs are being awarded now
 - Regional Program and Emerging Technologies this Fall/Winter
- First annual Report to Congress due in early 2009
- FY09 President's Budget request includes another \$49.2 M
- More Information on the National Program is available at <http://epa.gov/cleandiesel>