

Funding Options for Diesel Retrofits

Source: Clean Air Task Force, September 2006 (revised July 2007, August 2008, June 2010)

PROGRAM TYPE/ NAME	FOCUS	APPROX. FUNDING LEVEL	COMMENTS	ELIGIBLE ENTITIES
FEDERAL—EPA				
DERA (Diesel Emissions Reduction Act) —§§791-97 of Energy Policy Act of 2005	Existing HDE diesel emissions reductions—health and nonattainment focus; up to 10% to emerging techs	ARRA (2009)- \$300 million FY 2010 (RFP closed) - \$60 million FY 2011- TBA.	Large potential funding source; Covers most diesels; 70% federal; 20% state, with 10% more with state match; Can't use to meet mandatory regs; Project priorities—public fleets, cost-effective, affect most people.	State or local air or transportation agency; nonprofit air or transportation group
National Clean Diesel Funding Assistance Program	Same as DERA; this is primary EPA DERA-funded program	Now funded with DERA funds--\$32 million allocated in FY2010; offered through EPA regional diesel collaboratives.	One-half of funds go to public-public and public-private fleets; Can be used for DOCs, DPFs, biodiesel and engine upgrades; idle management	State or local air or transportation agency; nonprofit air or transportation group
State Clean Diesel Grant Program	Clean diesel projects using verified and/or certified retrofit techs and verified idle reduction techs	Now funded with DERA funds; EPA provides grants to states (~\$200k to \$1 M)--\$18 million for FY 2010.	20%of DERA funds allocated to states, with 10% more with state (not other fed funds) match; Unclaimed funds revert to national program; Not a competitive grant program	State or local air or transportation agency
Clean Diesel Emerging Technologies Program	Advance new techs to reduce emissions from existing diesel fleet	Funded with DERA funds--\$4 million allocated for FY 2010.	Separate national grant competition; Certified/verified techs, R&D are not eligible; EPA lists eligible “emerging techs”	State or local air or transportation agency; nonprofit air or transportation group; manufacturers must partner with one of these entities
Smartway Clean Diesel Financing	Innovative finance programs for buyers	Now funded with DERA funds--\$6 million allocated	Types of financing— - issuance of loan guarantees;	State or local air or transportation agency;

Program	of eligible clean diesel engines and equipment	for FY 2010.	- Equity investments that leverage additional funds; - Issuance of tax exempt or taxable bonds to create a low-cost loan program; - Revolving loan funds.	nonprofit air or transportation group
DOT/FHA				
CMAQ (Congestion Mitigation and Air Quality)—23 USC §149 (amended by SAFETEA-LU, §1808)	Transportation projects in nonattainment and maintenance areas; new focus on diesel retrofits and other cost-effective measures	~\$1.7 billion/yr appropriated for 5 yrs—FY 2005-09; each year funds available for obligation by states for up to 4 years, then lapses	Largest funding source; New priority for diesel retrofits, traditionally focused on TCMs like HOVs, bike paths, etc; Tied to SIP, transportation improvement program (TIP), conformity process; Can't use to meet mandatory federal regs; 20+% state/local match	Funds allocated to states; states grant funds to local gov'ts, transportation agencies and public/private partnerships—on a reimbursement basis
Clean Fuels Grants— 23 USC §5308 (amended by SAFETEA-LU, s3010)	Alternative fuel buses and related support facilities ; clean diesel buses	FY 2010 - \$21,306,000	Limited to ozone, CO nonattainment areas (not PM); Focus on alternate fuel buses	States or designate

Various federal transportation loan programs—including §129 loans; state infrastructure banks (Sibs); and Garvee bonds	Federal aid transportation projects; can also be used for CMAQ-type projects	Allows states flexible use of federal-aid highway funds; Low cost loans and federal credit enhancement can be used for seed money, gap funding for difficult projects, reduce private participant financing costs	Section 129 loans –direct federal-aid loans--limited to revenue-generating projects; Sibs—state administered revolving funds capitalized with federal-aid highway funds (and , optionally, with state funds); Garvee bonds—state-issued bonds using future federal-aid highway funds for debt repayment	
DOE/EERE				
Clean Cities Program, including state energy project (SEP) grants	Reduction of petroleum fuel consumption—focus on alt. fuel vehicles and engine idling	FY 2009 - \$300 million FY 2010 - NA	Restricted to anti-idling, alt. fuel projects	
FAA				
Voluntary Airport Low Emission Program (VALE)	Reduction of emissions from airport ground equipment	Grants from Airport Trust Fund funded through FAA’s Airport Improvement Program (AIP) and Passenger Facility Charges (FPC)	Includes pilot retrofit program-10 airports, \$500k each (although new clean vehicles preferred by FAA); only 1 grant issued thru 2007 Can produce Airport Emission reduction Credits for CAA use	Commercial airports in nonattainment or maintenance areas

STATE				
California Carl Moyer Program	State grant program to fund clean alt fuel engines and diesel retrofits; historical focus on HDE NOx reductions; PM recently added; LD vehicles added EJ focus in large urban areas	\$220 million through first 10 years; historically funded by annual legislative appropriations; Recent approps and dedicated surcharges on tire fees, smog check fees and MV registration fees can produce up to ~\$140 million/yr thru 2015 FY 2009-2010 - \$90 million	Broad range of projects eligible (cleaner on- and off-road, marine, locomotive, ag pumps, airport ground support equipment, auxiliary power units); Cannot be used to meet mandatory regs; 3 yr min. project life Funds incremental cost of cleaner-than-required engines & equipment Local match (~33%); Cost-eff cap= \$16,000 per ton of weighted NOx, ROG and PM Sunsets in 2015	State (ARB) grants to local air districts; then to diesel fleet owners; Program guidelines govern selection, funding and monitoring of projects
Texas Emissions Reduction Program (TERP)	State grant program to fund clean HD diesel and alt fuel engines; focus on NOx reductions in ozone nonattainment areas	\$800 million through Feb. 2010; \$12 million available (deadline June 30, 2010); Funded by surcharges on sale/lease/use of certain on-road and off-road diesel equipment, commercial vehicle registration fees, inspection and titling fees.	Limited to counties violating or nearly violating ozone NAAQS; Grants in form of reimbursement —separate incentive grant, rebate grant and small business grant programs; Cost-eff cap= \$15,000/ton NOx reduced; 25% min. NOx reduction required; Clean school bus program added; Separate R&D component Sunsets in 2013	Diesel equipment operators (private and public) in ozone nonattainment (and certain near nonattainment) counties

New Jersey Diesel Risk Mitigation Fund UPDATE N/A	Retrofit of publicly owned HD diesels, school and transit buses, waste collection trucks	~0.7% of funds from NJ Corporate Business Tax – ~\$10-15 million/yr; up to \$5 million in FY2009 authorized for school bus retrofits	NJ law “mandates” BART on certain public (and some private) diesels, but only to the extent of funds available in diesel risk mitigation fund	Vehicle owner retrofit costs are reimbursed
Connecticut School Bus Emissions Reduction Account UPDATE N/A	Retrofit of school buses w best level retrofits	\$10 million approp. over 2 years	CT law “mandates” school bus retrofits, but only if retrofit procurement price is below statutory target; Separate account in general fund established to pay for grants for retrofits	Municipalities, school boards
Ohio Diesel Emission Reduction Grant Program and Revolving Loan Program UPDATE N/A	Reduce diesel emissions in nonattainment and maintenance counties	~\$20 million of ODOT CMAQ funds for FY 2008 and 2009 legislatively earmarked for diesel emission reductions	Ohio legislature also created a fund to hold the state share of federal DERA monies	CMAQ eligible entities; DERA eligible entities
Ohio Diesel School Bus Retrofit Program UPDATE N/A	School bus retrofits in nonattainment areas	Ohio Clean Diesel School Bus Fund—2006-09; funded with state environmental noncompliance penalties and EPA grant—~\$900k/yr;		School districts
North Carolina DERA	Retrofitting school buses, w focus on Level 3 (DPFs)	School bus DERA account established under DENR; FY 2009 - \$1.03 million (ARRA) FY 2010 – N/A	State funds to be used as 20% match for CMAQ funds; NC DOT authorized (not required) to allocate CMAQ funds to DNR for school bus retrofits	Local school districts in ozone or PM nonattainment areas
North Carolina Mobile Source Reduction Grants	Reduction of on- and off-road emissions; focus on ozone and CO	Funded via gasoline tax (1/64 cent)—~\$600-800k generated FY 2010 - Suspended	2008 focus on reducing diesel emissions	Open to most applicants
Georgia School Bus Retrofits	Reduction of diesel emissions from school	\$250k in FY09 budget; w match, total funds-\$1.25		

	buses	million FY 2010: \$250k appropriation removed		
Pennsylvania Pittsburgh Healthy School Bus Fund	Reduction of diesel emissions from school buses	\$500k initial funding by Heinz	Rebate program, capped at maximum retrofit price target (now \$6850 for DPFs)	School districts
Oregon Pollution Control Tax Credit Program	Income tax credit for HD diesel truck retrofits and post-2007 new engines	Up to 50% income tax credit for retrofits, 25% for repowers; \$400-900 credit for purchases Up to ~\$3.5 million total	Eligible retrofits must be on EPA verified technology list; new engines must meet EPA 2007 stds (i.e., DPFs)	Oregon taxpayer and diesel owner/operator
Washington Clean Diesel Grant Program	Reduction of diesel emissions from retrofit of HD highway diesels	\$2.5 million	Priority for public fleets	Local governments and agencies, ports, nonprofits, private in-state fleets
Washington Clean School Bus Program	Reduction of diesel emissions from school buses	Funded by earmarks of certain vehicle registration fees and related penalties (85% of fees collected pursuant to RCW 46.68.020(2))~\$5 million/yr	Focus on diesel retrofits for older existing buses	Local air agencies, with school districts