

August 5, 2016

Subject: Funds Available for Diesel Reduction Projects

Dear Clean Diesel Stakeholders:

The Connecticut Department of Energy and Environmental Protection (DEEP) anticipates the availability of approximately \$189,000 in new federal funds for the reduction of diesel emissions in our state. This money is authorized under the federal Diesel Emissions Reduction Act (DERA) and is administered by the U.S. Environmental Protection Agency (EPA). Since EPA limits the reimbursement coverage of the DERA grants, DEEP suggests stakeholders familiarize themselves with the proposed Partial Volkswagen (VW) Consent Decree at <https://www.epa.gov/sites/production/files/2016-06/documents/vwpartialsettlement-cd.pdf> as the Environmental Mitigation Trust Agreement (see Appendix D and Part 10 of Appendix D-2) within the proposed Partial VW Consent Decree may offer more favorable reimbursement coverage.

DERA and EPA require that DEEP use DERA funds for projects that reduce diesel emissions. Projects must be completed by August 31, 2017. DEEP is seeking grant proposals from municipalities, organizations, and businesses for diesel reduction projects that are environmentally and economically-beneficial, can be initiated promptly, and will be completed quickly. These grants will be subject to applicable provisions of the EPA Subaward Policy, which can be found at https://www.epa.gov/sites/production/files/2016-02/documents/grants_policy_issuance_gpi_16_01.pdf.

Clean Diesel Projects Eligible for State Funding

Additional information regarding this opportunity, including definitions for key terms used below, may be found at <https://www.epa.gov/cleandiesel>. Eligible projects are listed below; further details can be found in the FY 2014 – 2016 State Clean Diesel Grant Program Information Guide, which is available at <https://www.epa.gov/sites/production/files/2016-03/documents/420b16046.pdf>.

- Early Replacement or Repower:
 - Reimbursement for early replacement can be funded up to 25% for vehicle/equipment replacement, or up to 50% for drayage truck¹ replacement.
 - Reimbursement for repowering/engine replacement with engine configurations certified by EPA or the California Air Resources Board (CARB) can be funded up to 40%.
- Engine upgrades that are verified or certified by EPA or CARB can be funded up to 40% of the cost of the eligible upgrade.
- EPA-Verified Idle Reduction Technologies:
 - Stationary idle reduction technologies, such as shore connections and electrified truck stops, can be funded up to 25%.
 - Idle reduction technologies for locomotives can be funded up to 40%.
 - Idle reduction for school buses MY 2006 and older that have previously been retrofitted with EPA or CARB-verified exhaust emission controls can be funded up to 100%.

¹ A “drayage truck” means any Class 8b in-use on-road vehicle with a gross vehicle weight rating of greater than 33,000 pounds operating on or transgressing through port or intermodal rail yard property for the purpose of loading, unloading or transporting cargo, such as containerized, bulk or break-bulk goods.

- Funding for auxiliary power units and other idle reduction technologies for 2007 MY and older Class 8 trucks can be funded up to 100%, but only if EPA or CARB-verified exhaust emission controls are included on the vehicle.
- Exhaust emission control technologies that are verified or certified by EPA or CARB can be funded up to 100%.
- Funding for EPA-verified aerodynamic technologies and low rolling resistance tires on long haul Class 8 trucks is available up to 100%, but only if combined with EPA or CARB-verified exhaust emission control technologies on the truck.
- Clean alternative fuel conversions can be funded up to 40%. Aftermarket alternative fuel conversion systems must be certified for the specific vehicle or engine family that is being converted, whether they are CARB or EPA-certified, provided the vehicle being converted is CARB or 50-state certified and is otherwise eligible for sale in the state of Connecticut. Additionally, conversions must be consistent with any applicable Connecticut Department of Motor Vehicles safety policies for alternatively-fueled vehicles so as to ensure public safety.

EPA guidelines restrict replacement projects to those that would not have occurred through normal attrition within three years of the project start date. Any application for an early replacement project must specifically identify the vehicle(s) to be replaced and must include a copy of the vehicle or fleet owner's budget plan, operating plan, standard procedures or retirement schedule to confirm that any vehicle to be replaced is eligible for the program.

DERA rules require that vehicle or technology vendors be selected through an open and competitive process that will ensure a reasonable price for the item. The equipment owner who receives the grant is obligated to demonstrate compliance with these rules for open and competitive procurement of contractual services, replacement vehicles, and/or technologies used on the project. Award recipients also must enter into a contract with the State of Connecticut, and all recipients must comply with state and federal contracting requirements. Applicants should verify that there are no prohibitions or restrictions on the use of federal funds for the proposed project.

Proposed projects will be evaluated based on diesel emission reductions, cost effectiveness (including the applicant's ability to provide matching funds) and the potential for completion by August 31, 2017. Funding cannot be guaranteed for projects completed and invoiced after that date. To advance EPA's priorities for the DERA program, projects also will be prioritized based on the degree to which they meet the seven criteria listed in the proposal form and achieve the greatest air pollution reductions.

DERA funds provide an opportunity to save money and support green technologies while addressing the public health and environmental concerns posed by diesel emissions in Connecticut. All interested parties are encouraged to apply and must submit their proposal on the enclosed form, which can also be found at:

http://www.ct.gov/deep/cwp/view.asp?a=2684&q=322100&deepNav_GID=1619. Completed forms and inquiries should be directed to Patrice.Kelly@ct.gov; proposals must be submitted no later than September 7, 2016.

Sincerely,



Robert J. Klee
Commissioner