

## Summary of Congressional Activities Related to Diesel in 2005

### Energy Bill, Signed August 8, 2005

**Diesel Emissions Reduction** (originally the Voinovich bill) (Title VII, Subtitle G, Sections 791-797, Pages 756-774)

- Authorizes \$200 million each year for FY07 through FY11 (\$1 billion over five years).
- Directs the Administrator of the EPA to establish a new program to significantly reduce diesel emissions in terms of "tons" and diesel emission exposure particularly in "poor air quality areas" as designated by EPA.
- Requires that 70% of the funds made available under the program be used to provide grants and low-cost revolving loans to regional, state, local, tribal, and port authorities for the purpose of installing diesel retrofits (defined as "certified engine configurations or verified technologies").
- Requires that 30% of the funds made available under the program be awarded to states for the purpose of funding their own state grant and loan programs to significantly reduce diesel emissions by financing the installation of diesel retrofits.
- Up to two-thirds of the funds made available to states must be allocated equally among states that apply to EPA for funding and whose applications are approved, with the remaining one-third made available to states that match their federal funding.

**Clean School Bus USA Program** (Title VII, Subtitle C, Section 741, Pages 703-713)

- Authorizes \$55 million each year for FY06 and FY07 (\$110 million over two years) and "sums that may be necessary" for FY08 through FY10.
- Directs the Administrator of EPA to establish a new program for awarding to school districts and their bus contractors grants for the purpose of retrofitting (i.e., repowering, after-treatment, engine remanufacturing) or replacing existing school buses.
- EPA retains substantial discretion to decide which grant applications to fund and what technologies to deploy.

**Diesel Truck Retrofits and Fleet Modification Program** (Title VII, Subtitle C, Section 742, Pages 713-717)

- Authorizes \$20 million for FY06, \$35 million for FY07, \$45 million for FY08 (\$100 million over three years), and "sums as may be necessary" for FY09-FY10.
- Directs the Administrator of EPA to establish a new program to award grants to state and local governments and their agencies to replace or retrofit (an undefined term) heavy-duty diesel vehicles used for the transportation of cargo especially in port areas and for major hauling operations.

**Reduction of Engine Idling** (Title VII, Subtitle D, Section 756, Pages 729-738)

- Authorizes \$19.5 million for 2006, \$30 million for 2007, \$45 million for 2008 (total of \$94.5 million) for heavy-duty vehicle idle reduction and energy conservation technologies through the EPA SmartWay Transport Partnership over three years.
- Authorizes \$10 million for 2006, \$15 million for 2007, \$20 million for 2008 (total of \$45 million) for locomotive idle reduction and energy conservation technologies through the EPA SmartWay Transport Partnership over three years.

**Transportation Bill, signed August 9, 2005**

**Addition to CMAQ-eligible Projects (Clinton-Inhofe Amendment) (Title I, Subtitle H, Section 1808)**

- Makes diesel retrofits on both on-road and off-road vehicles used on construction projects financed by federal funds and located in non-attainment areas eligible for CMAQ funding.
- Defines diesel retrofits as replacement, repowering, rebuilding, and after-treatment.
- Directs EPA to issue guidance on certified and verified emission reduction technologies that can be financed by CMAQ, on the emission reduction effectiveness on the various retrofit technologies, and on the cost effectiveness on the various retrofit technologies.
- Directs states and metropolitan planning organizations ("MPOs") to give priority in the distribution of CMAQ funds to diesel retrofits (especially where they are required under construction contracts) and other cost-effective emission reduction activities, as well as cost-effective emission congestion mitigation activities which provide air quality benefits.
- Includes a savings clause to ensure that the provision does not inadvertently amend the Clean Air Act or amend the authority of state departments of transportation ("DOTs") and MPOs.
- DOTs and MPOs wanted EPA to make "conformity credit" available where CMAQ is used to fund retrofits. EPA agreed in writing to publish guidance by year's end for state environmental authorities to give such credit. Getting conformity credit is important to DOTs and MPOs because it will enable them to build more roads in non-attainment areas, and they have never been able to get such credit in the past.
- EPA estimates there are 600,000 off-road vehicles that will be used on construction sites in non-attainment areas, 200,000 of which will be retired, 200,000 of which will be eligible for engine rebuild/repower, and 200,00 will be eligible for after-treatment. The agency believes that about \$3 billion of CMAQ funds could be used to retrofit these vehicles.
- EPA has not estimated the number of on-road vehicles that could be retrofitted by CMAQ funds under this provision and the amount of CMAQ funds that could be spent to retrofit on-road vehicles.
- No annual appropriations will be necessary to fund CMAQ as it is funded by the Highway Trust Fund.

**EPA FY2006 Budget**

<b>FY06 AA/R9/R10 Recommendation</b>	<b>Proposed to OMB</b>	<b>President's Budget</b>	<b>Enacted by Congress</b>
\$25 million	\$0???	\$15 million NCDC \$10 million CSBUSA	\$5 million NCDC \$7 million CSBUSA