



Diesel Technology Forum Retrofit Funding Opportunities

Mid-Atlantic Diesel Collaborative

February 28, 2006

Diesel Technology Forum

Objective:

Increase awareness about clean diesel technology

Membership:

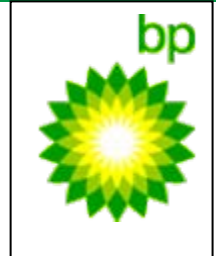
Includes energy companies, engine & vehicle manufacturers and emission treatment companies

Methods:

Educational materials & outreach events

Diesel Technology Forum

Leaders in Promoting Clean Diesel Technology



Diesel Emissions Reduction Act (DERA)

- Sen. Voinovich (R-OH), Sen. Carper (D-DE)
- Creates dedicated diesel retrofit funding program
- **Authorizes \$200 Million/yr -- 5 yrs**
 - 70/30 overall funding split – National – State
- **Criteria: 50 % of funding must go to public fleets'**
 - Fleet = “one or more diesel vehicles or mobile or stationary diesel engines. “
 - All Sectors, applications, vehicles & equipment
 - Priorities to non-attainment areas, cost effective projects and those benefitting greatest number of people
 - Provides matching incentive for state-funded programs
 - Not more than 10 % of funds to non-verified emerging technologies

Transportation Bill -- CMAQ Funding

▶ SAFETEA-LU

- \$1.6 to \$1.8 Billion/year overall program – 2005-2009

▶ **What's eligible?**: “replacement, re-powering, rebuilding, after treatment or other technology, as determined by the Administrator”

▶ **Who decides?**

- **States and MPOs** are directed to give priority to “(1) diesel retrofits, particularly where necessary to facilitate **contract** compliance, and other cost-effective emission reduction activities, taking into consideration air quality and health effects; and (2) cost-effective congestion mitigation activities that provide air quality benefits.”

EPA DERA Appropriations: Pros and Cons

▶ PROS:

- Finally, a dedicated retrofit program with all our requested language
- Established by consensus process -- industry and environmental groups – easy path forward for implementation
- High degree of support 92-1 passed Senate

▶ CONS:

- Nice program but NO money guaranteed yet
- New program seeking NEW MONEY
 - New Money is hard to find in Washington – war, hurricanes, conservatives
- Competing constituencies – school buses vs. others

CMAQ Funding

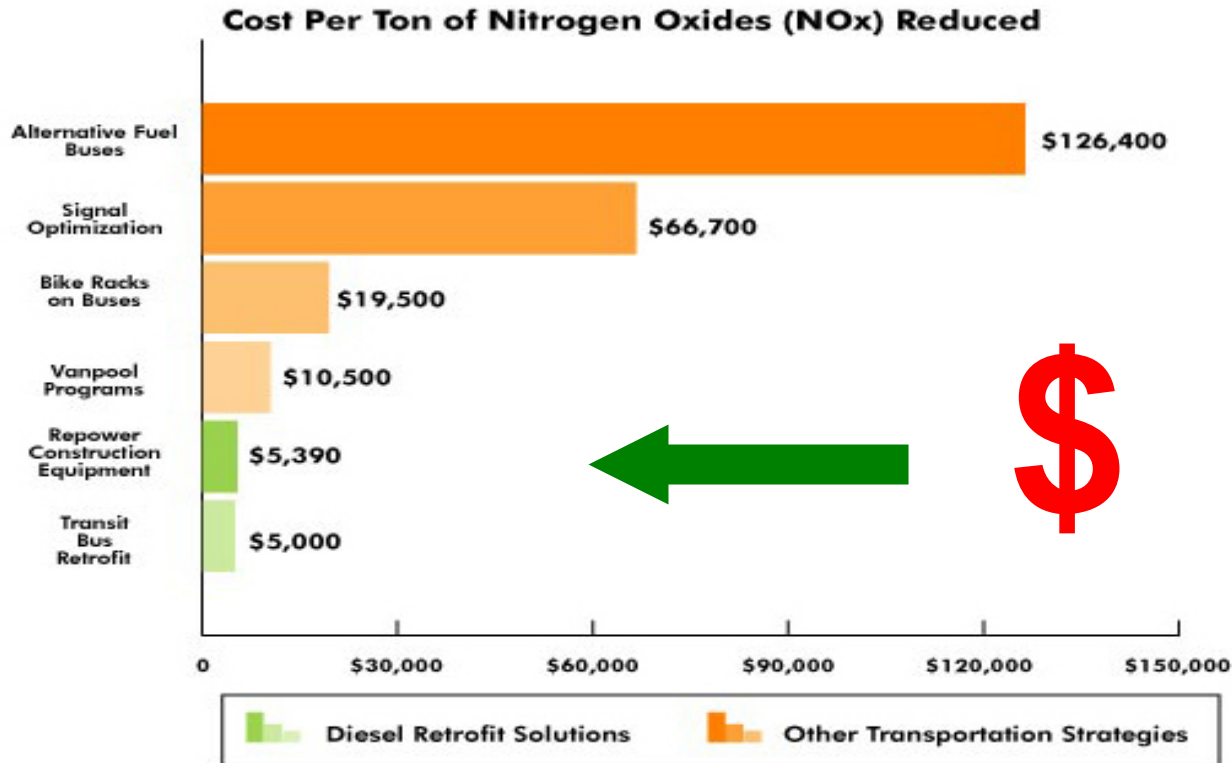
▶ PROS:

- Significant magnitude of funding \$1.6 Billion
- Diesel retrofit priorities made evident
- Broad opportunity for replacement, re-power, retrofit,
- Covers contracting requirements– *important for contractors.*

▶ CONS:

- Diesel retrofit is “new kid on the block”
- Competes with well-entrenched constituencies – road builders, environmental groups, rails to trails, mass transit etc.
- Expected higher degree of bureaucracy, project submission
- Diesel industry “weak” in generating support for projects compared to local environmental groups that have years of CMAQ funding experience

Clean Diesel Retrofits are Cost-Effective



This chart represents a sample of CMAQ-eligible strategies, including specific project examples. For a more complete list of CMAQ-eligible strategies, the cost-effectiveness of these project examples and full sourcing information, visit www.dieselforum.org.retrofit.

Assessment of Funding Options

- ▶ Most funding available: CMAQ
\$1.6 Billion/yr /'05-'09
- ▶ Most dedicated program: DERA
- ▶ Widest eligibility: DERA
- ▶ Most uncertain funding: DERA
Max \$200 million/yr for 5 yrs= \$1 Billion
- ▶ Most difficult application process CMAQ
- ▶ Most Competitive Source: CMAQ

New Jersey Diesel Risk Reduction

- Enacted in 2005
- Funds from State Corporate Business Tax (\$10million/yr)
- No cost to owners – costs will be reimbursed.
- Retrofits with tailpipe pollution controls required on:
 - Garbage trucks – used in public contracts
 - NJ Transit Buses
 - Privately owned transit buses
 - Publicly owned HD on-road and non-road vehicles

North Carolina

- Enacted in 1993
- Funds from gasoline tax (1/64 of a cent per gallon)
- Approx \$600,000 - \$800,000 annually
- Available for new on or off road mobile source emissions
- Annual focus – diesel engines in 2006
- Available for VOCs and NOx.

For More Information

Dawn Fenton
Diesel Technology Forum
(301) 668-7230
dfenton@dieselforum.org

www.dieselforum.org

