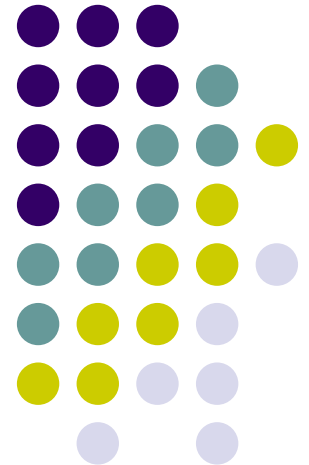


A New Concept for Funding SMARTWAY Retrofit Programs

EnviroFunding™

An EPA partner in diesel
emissions reduction



Envirofunding™



- Created to establish a patent-pending, private investor generated, revolving fund to support environmental initiatives, including reducing emissions from existing and future diesel engines
- Concept covers funding of critical environmental initiatives for which there exists:
 - ✓ Truck technologies that result in a revenue generating stream;
 - ✓ Limited or no available funds from other sources;
 - ✓ Strong market need and willing partners;
 - ✓ Methodology for long-term shared savings and payments in return for upfront capital

How the **Envirofunding™** Process Works



- **Envirofunding™** acquires emission reduction and energy saving technologies and provides them to fleets
- Fleets agree to operate with the products for a minimum period
- A “user fee” payback system is established with one or more entities (does not have to be the fleet operator) for a specified period of time
- A portion of these fees (can be as high as 50%) used to acquire additional retrofit products
- Remaining revenues returned to investors and used to cover program costs

Special Programs For:



- Freight (truck and rail)
- School buss fleets
- Ports and intermodal operations
- Construction fleets and projects
- Landfill operations
- Airport ground operations

Applying **Envirofunding™** to the SmartWay Program – An Example



- 400 Fleet Vehicles
- Annual fuel cost over five years -- \$20 million
- Cost of “Smartway Kit” -- \$6000
- Cost of initial 400 kits -- \$2.4 million
- Fuel savings over five years -- \$11.9 million
- Five year user fee total -- \$4.7 million
- Net five year savings to the fleet -- \$7.2 million
- Total kits acquired over 5 years -- 792

Other Envirofunding™ Application Examples



- Construction Rental Equipment
 - Initial retrofit products acquired – 50
 - Initial cost of products -- \$50,000
 - Total retrofit products acquired over five years – 164
 - Five year user-fees – (1.5% of rental fees) \$228,000
- Land Fill Equipment
 - Initial pieces of equipment acquired – 8
 - Initial cost of each piece of equipment -- \$16,000
 - Five year user fees (e.g., \$1per ton increase in tipping fee) -- \$3.7 million
 - Funds available to retrofit over 800 vehicles from other fleets (e.g., school buses)

Other Envirofunding™ Application Examples



- Port Equipment/Intermodal Operation
 - Initial retrofit products acquired – 40
 - Initial cost of products -- \$80,000
 - Total retrofit products acquired over five years – 335
 - Five year user-fees (e.g., \$0.50 increase in container lifting charge) -- \$788,000

Benefits of the Envirofunding™ Approach



- Generates revenue to purchase additional retrofit products
- Leverages and magnifies use of other government-sponsored incentives
- No up-front money required to buy retrofit products
- Eliminates tax-related issues for private sector retrofit product users
- Eliminates difficulties with using government funds to buy retrofit products for private sector fleet operators
- Allows for significant cost savings in purchase of retrofit equipment (bulk purchase discount agreements with product suppliers)

Benefits of the Envirofunding™ Approach



- Creates ability to bring focus on community-based solutions in addition to fleet or sector-based solutions
- Incorporates training and on-going technical support (e.g. Emissions Advantage, including its Diesel Retrofit Boot Camp™)

Currently **Envirofunding™** Is:



- In the process of developing an agreement with EPA to become a SmartWay Program funding partner
- Initiating a retrofit project with Oregon DEQ and the Oregon AGC to complement EPA funding of construction equipment retrofit for a statewide bridge construction project
- Completing arrangements for initial phase of major funding to provide multiple millions of dollars for **Envirofunding™** projects
- Accepting “expressions of interest” from private and public sector organizations interested in benefiting from a funding relationship with **Envirofunding™**

Major Envirofunding™ Initiative



- In the next 3 months, Envirofunding and EPA's SMARTWAY Program will iron out the technical and program aspects of a planned, major rail retrofit initiative in the Northeast US
- Up to 50 or more diesel locomotives will be involved, with financial & results tracking features covered here also included
- The goal is to boost major interest in the retrofit, energy savings, and emissions reductions markets

Envirofunding™



We look forward to partnering
opportunities in the diesel retrofit
markets