



# **Diesel Retrofit Funding: A Look on the Horizon**

**Tom Fulks**

**Diesel Technology Forum**

**West Coast Collaborative Partners Meeting**

**September 29, 2010**

# What is the Diesel Technology Forum?

## ***Objective:***

A not-for-profit educational/trade organization dedicated exclusively to increasing awareness about clean diesel technology among policymakers, fleet managers and the media.

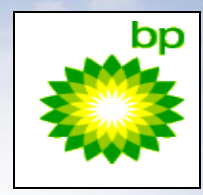
## ***Membership:***

Includes energy companies, engine and vehicle manufacturers, and emission control device manufacturers

## ***Methods:***

Educational materials and outreach events

# DTF - Clean Diesel Leaders



**Honeywell**



DAIMLER

# DERA Reauthorization

- DERA expires in FY2011 (Sept., 30, 2011)
- \$200m/yr x 5 years (same as current DERA)
- Senators Voinovich & Carper pushing to get reauthorization this year
- Legislation could be introduced in lame duck session
- Voinovich retiring: Who's next Republican champion?
- House letting Senate take lead
- Letter to Senate expressing support for reauthorization – over 340 signatures
- Let Members of Congress know importance of program to you

# Op-eds Supporting DERA

## StarTribune.com

### Allen Schaeffer, Dan Hannan: Clean diesel matters to Minnesota

A program that reduces emissions substantially has broad support but needs a final push toward renewal.

By ALLEN SCHAEFFER and DAN HANNAN

Last update: September 9, 2010 - 7:12 PM

In today's politically charged climate in Washington, it's rare to find a program that has near-universal support among Democrats and Republicans. It's also unusual for a policy to bring together environmentalists, industry and government officials for a common cause, much less one that actually provides a \$13-to-\$1 positive return on investment to taxpayers and the federal government.

This unique program is called the Diesel Emissions Reduction Act (DERA), and it was created to improve America's air quality by upgrading and modernizing older diesel engines and equipment through engine replacements and the application of new exhaust



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## Opinion

### Clean diesel, cleaner air

By Allen Schaeffer and Angela Tin

Aug. 21, 2010 | (2) COMMENTS

In today's politically-charged climate in Washington, D.C., it's rare to find near-universal bipartisan support among Democrats and Republicans. It's also unusual for a policy to bring together environmentalists, industry and government officials for a common cause, much less one that actually provides a \$13 to \$1 positive return on investment to taxpayers and the federal government.

This unique program is called the Diesel Emissions Reduction Act (DERA), and it was created to improve America's air quality by upgrading and modernizing older diesel engines and equipment through engine replacements and the application of new exhaust emissions filters and catalytic converters.

DERA is considered vitally important by government, industry and environmentalists. It provides upgrades that reduce emission in older engines by up to 90%. It is considered DERA one of the most cost effective air quality projects in the nation.

Why? Diesel engines last a long time and play a vital role in key sectors of the economy. Wisconsin is one of the top 10 agricultural states in the nation, and road diesel farm machinery. Over two-thirds of the more than 3 million diesel engines in the state and virtually all of the truck and rail freight and passenger

# DERA – Proposed Program Changes

- Expands eligible entities to include private fleets who contract to government agencies
- Eliminates required 50% funding aimed at public fleets
- Calls for simplified application process
- Re-emphasizes priority for projects demonstrating cost-effectiveness and health benefits
- Removes restriction on using funds for programs mandated by state or local regulation
- Allows EPA to implement rebate as well as grant or loan programs

# CMAQ Funding

- Surface Transportation Authorization expired – operating under continuing resolution
- SAFETEA-LU gave priority for diesel retrofits (final authority rested with states)
- Clean construction provision advocated by Rep. Hall (R-NY)
- 55 Representatives signed letter last year urging for their adoption
- \$\$\$ is challenge, clean construction principles require commitment of funds

# AGC-CATF Clean Construction Principles

- Clean construction provision guided by AGC/CATF principles
- Adopted one year ago today
- Calls on Congress to give state officials authority and funding to require clean construction equipment
- Retrofits done through change orders - entitle contractors to recover 100 percent of costs and not disadvantage smaller operators
- If included in Surface Transportation bill, CMAQ to pay for required retrofits?

# Limited Source of Funds

- DERA – limited and spread thin
- CMAQ – complicated, unknown future
- State Appropriation – tight budgets
- Vehicle Fees – publicly unpopular
- Tax Credits – limited value

# State Funding Programs (Beyond Moyer & TERP)

## **New Jersey Mandatory Diesel Retrofit Program**

- State law passed in 2005
- Subsequent state constitutional amendment provided dedicated funding source from corporate business tax (\$10million/yr)

## **North Carolina - Mobile Source Emissions Reduction Grant Program**

- More than \$500,000 annually
- 1/64 of a cent per gallon of gasoline sold.
- Program suspended in 2010 due to budget crisis

# State Programs

## **Massachusetts - MassCleanDiesel**

- Requires retrofit of school buses in the state
- \$16.5 million by 2010 by Executive Office of Transportation

## **Ohio – Diesel Emissions Reduction Program**

- Originally \$20 million from CMAQ for 2 years
- Additional \$5 million provided last year
- School bus program funded from state civil penalties

# For More Information

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