

U.S. Environmental Protection Agency's Diesel Emission Reduction Program

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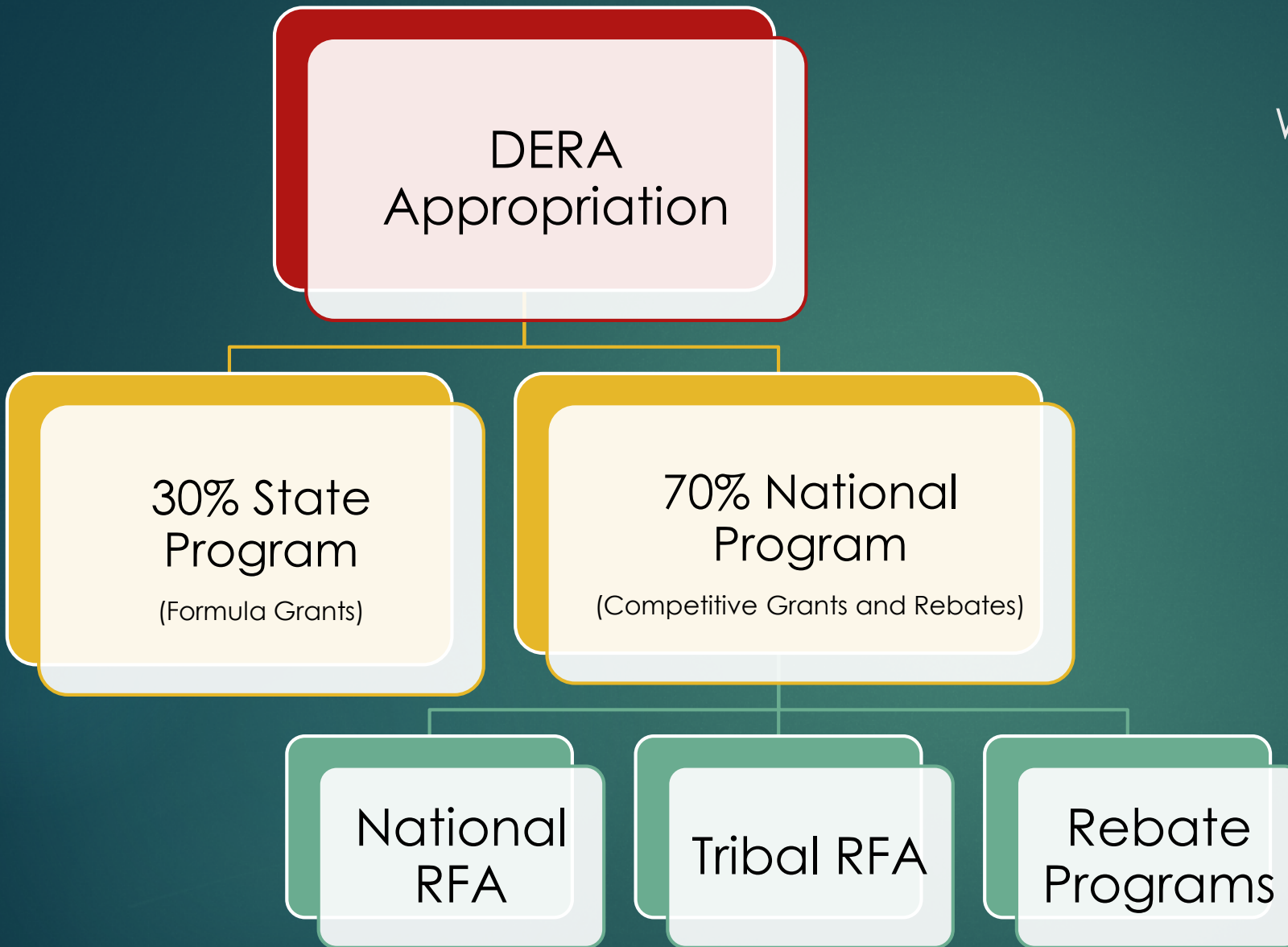
www.epa.gov/cleandiesel

Diesel Emissions Reduction Act - DERA

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Provides funding to achieve significant reductions in diesel emissions and exposure, particularly from fleets operating in areas of poor air quality





Who can apply for DERA Grants?

- ▶ Regional, state, local, tribal or port agency with jurisdiction over transportation or air quality; and
- ▶ Nonprofit organization or institution which
 - ▶ Represents or provides pollution reduction or educational services to persons or organizations that operate diesel fleets; or
 - ▶ Has, as its principle purpose, the promotion of transportation or air quality
- ▶ For-profits and individuals can benefit through partnerships with eligible entities

Eligible Vehicles, Engines & Equipment

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- ▶ Buses;
- ▶ Class 5 – Class 8 heavy-duty highway vehicles;
- ▶ Marine engines;
- ▶ Locomotives engines; and
- ▶ Non-road engines, equipment or vehicles such as, but not limited to those used in:
 - ▶ Construction;
 - ▶ Handling of cargo (including at a port or airport);
 - ▶ Agriculture;
 - ▶ Mining; or
 - ▶ Energy production (including stationary generators and pumps)

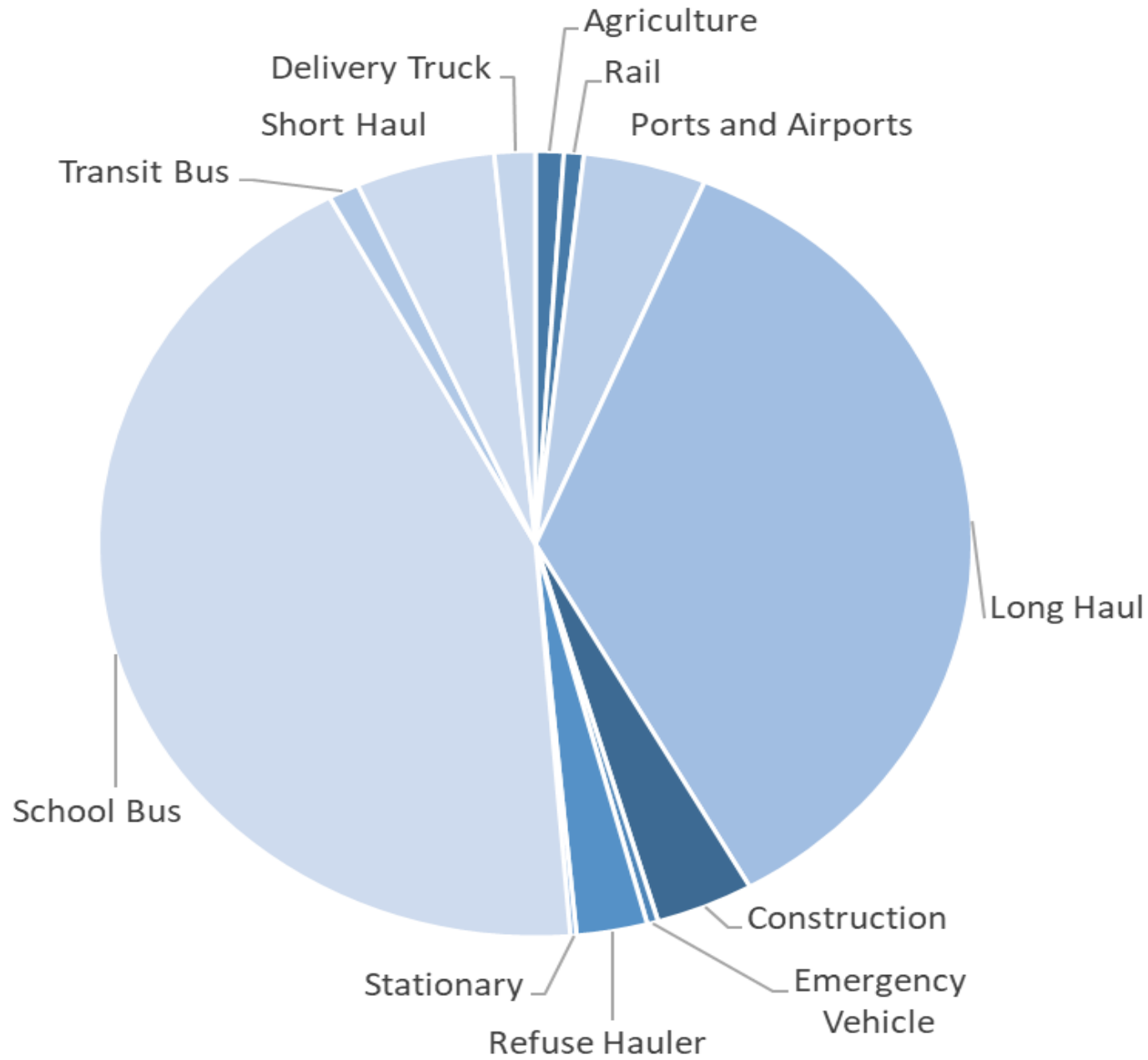
What will EPA Fund?

- ▶ **Certified Clean Alternative Fuel Conversion:** 40%
- ▶ **Certified Vehicle/Equipment Replacement:**
 - ▶ 25% of a vehicle powered by a diesel or alternative fueled engine (including hybrids) certified to EPA emission standards;
 - ▶ 35% of a vehicle powered by an engine certified to meet CARB's Optional Low-NOx Standards;
 - ▶ 45% of a vehicle powered by a zero tailpipe emission power source.
 - ▶ **Replacement of Drayage Trucks:** 50%
- ▶ **Certified Engine Replacement:**
 - ▶ 40% of a diesel or alternative fueled engine (including hybrids) certified to EPA emission standards
 - ▶ 50% of the cost of an engine certified to meet CARB's Optional Low-NOx Standards
 - ▶ 60% of the cost of a zero tailpipe emission power source
- ▶ **Verified Idle Reduction Technologies:**
 - ▶ **On-Highway Idle Reduction Technologies:** 100% if combined, 25% if stand-alone.
 - ▶ **Locomotive Idle Reduction Technologies:** 40%
 - ▶ **Marine Shore Connection Systems:** 25%
 - ▶ **Electrified Parking Spaces:** 30%

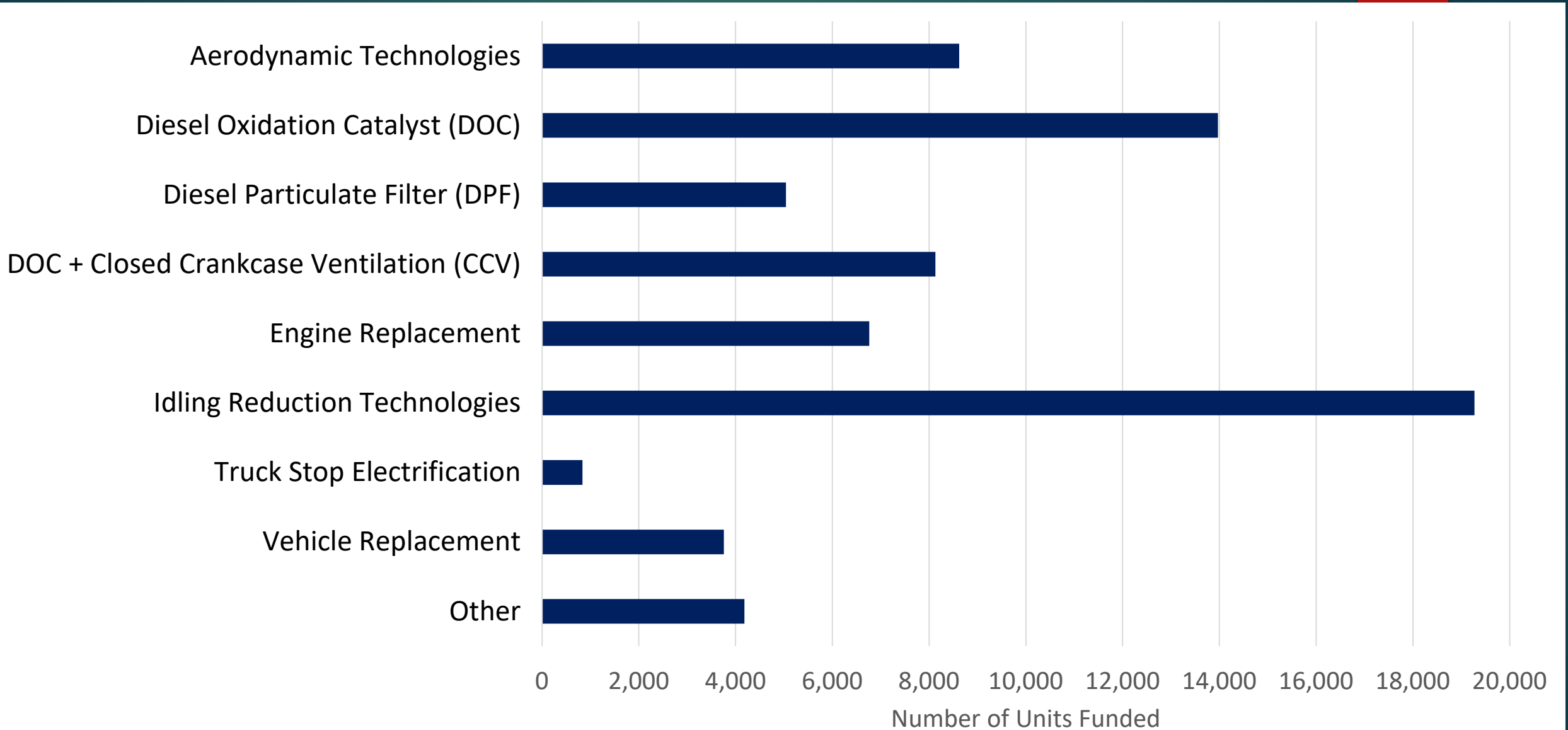
DERA Program Benefits and Accomplishments (FYs 2008-2016)

Investment of DERA Program	Emission and Fuel Reductions
\$629 million funds awarded	472,700 tons of NO _x
67,300 engines retrofitted or replaced	15,490 tons of PM
Up to \$19 billion in monetized health benefits	17,700 tons of hydrocarbon
Up to 2,300 fewer premature deaths	61,550 tons of carbon monoxide
64% of projects targeted to areas with air quality challenges	5,089,170 tons of carbon dioxide
3:1 leveraging of funds from non-federal sources	454 million gallons of fuel saved

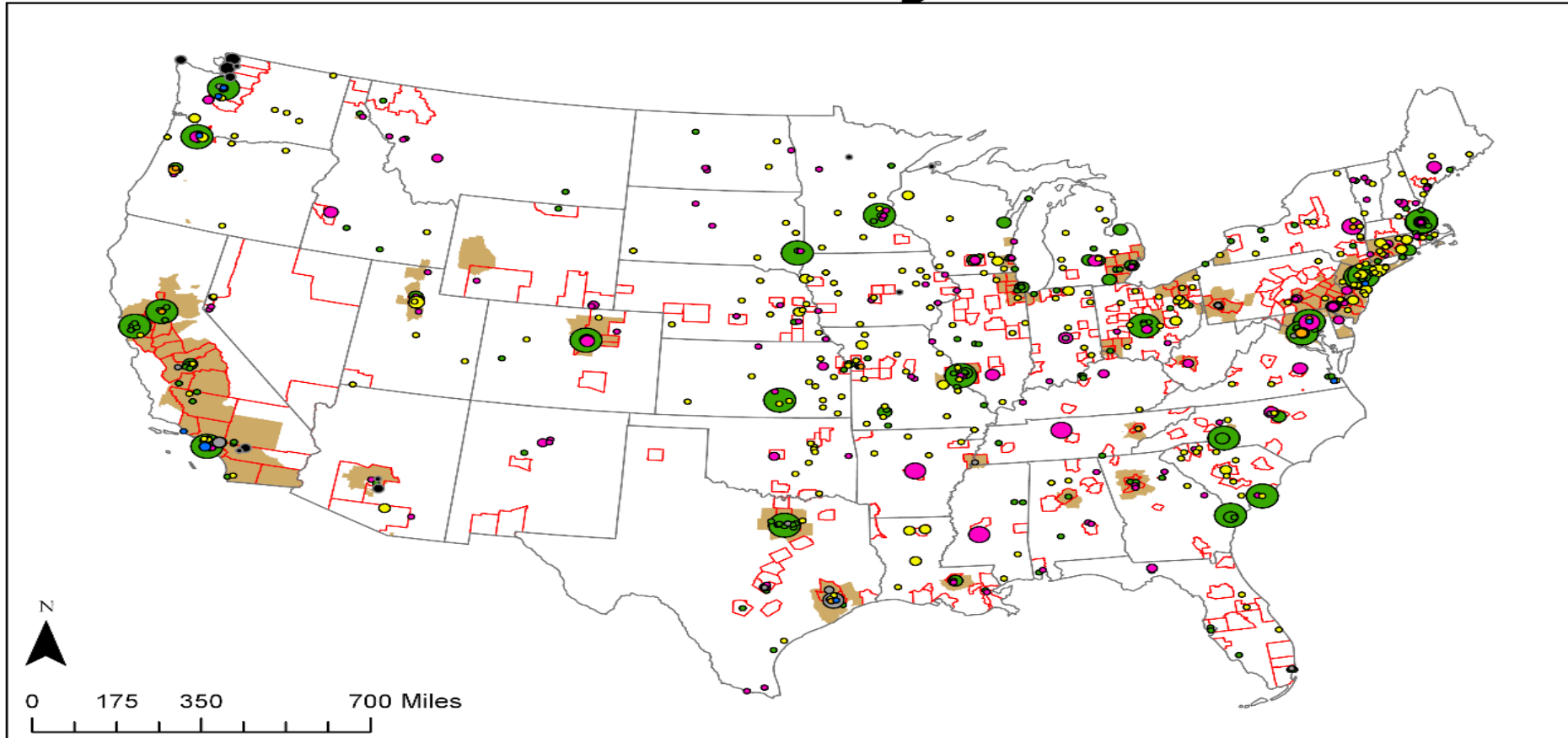
DERA Funded Sectors 2008-2016



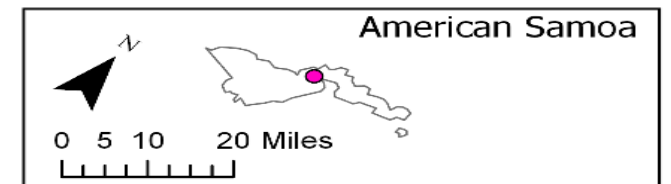
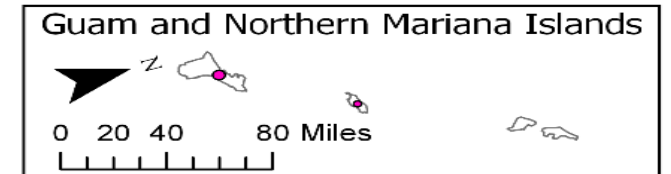
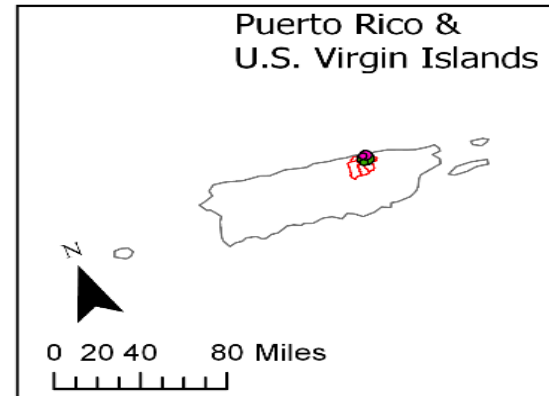
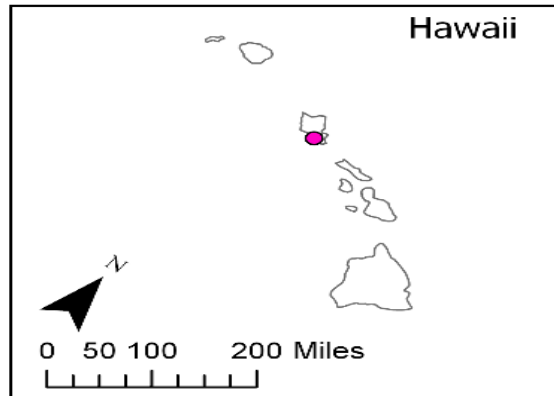
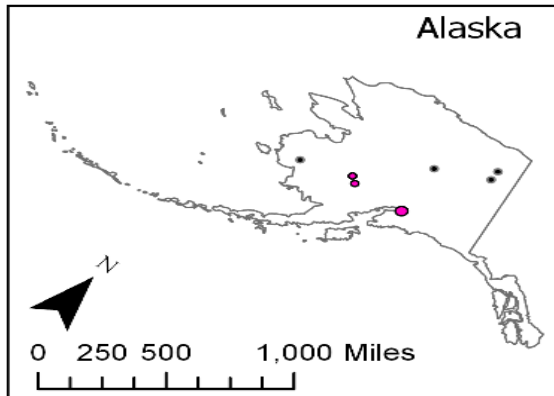
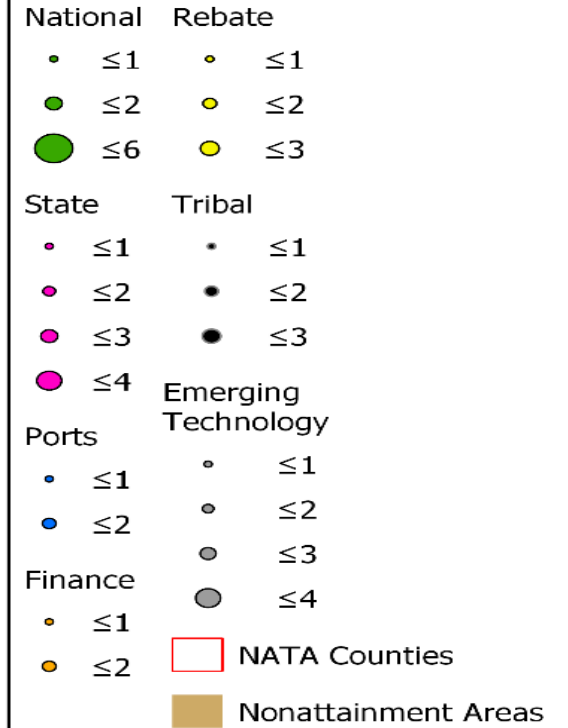
Funding by Technology Type, 2008-2016



DERA Program FY 2008-2016

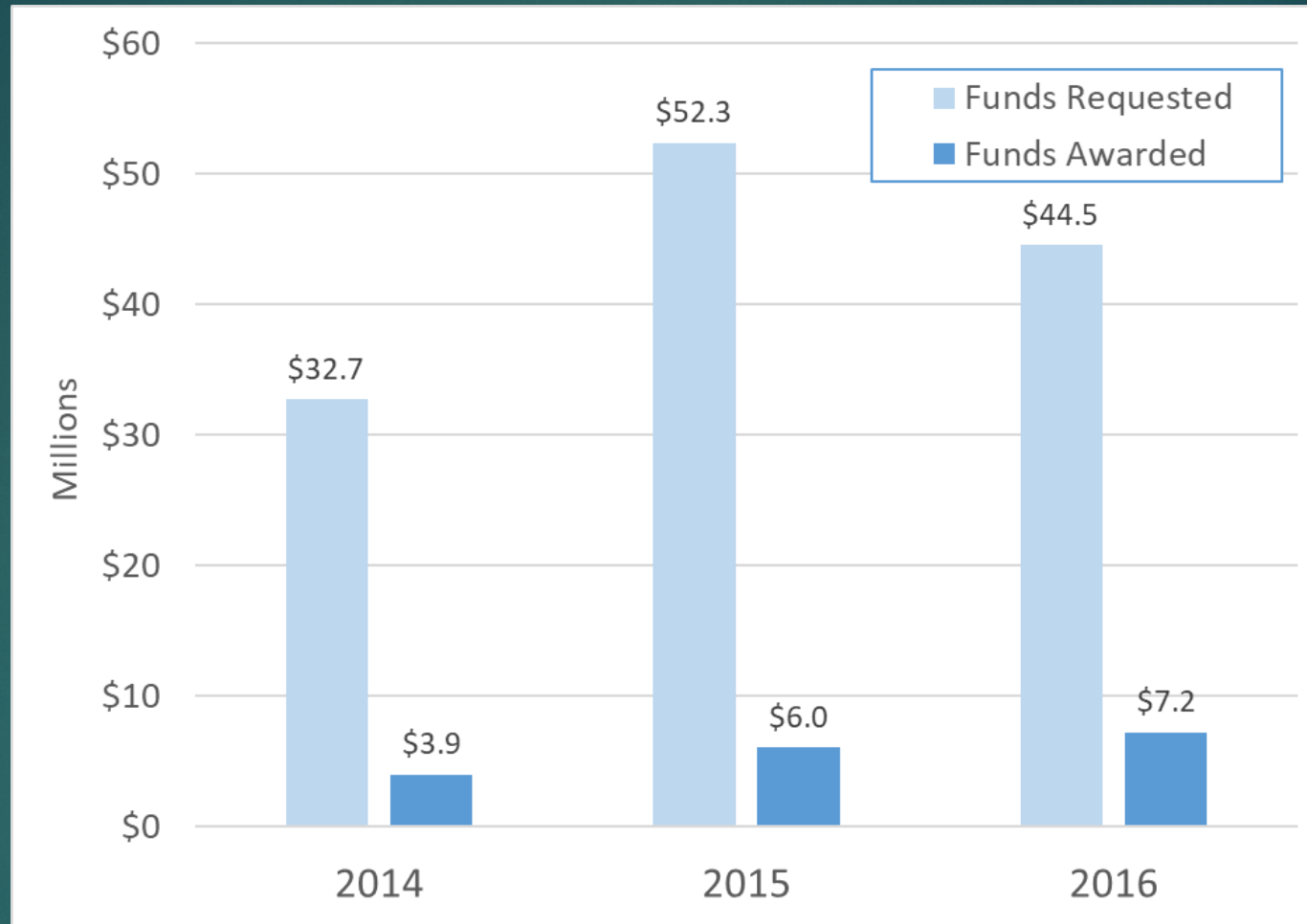


Number of DERA Awards by Program



EPA's DERA School Bus Rebate Program

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Over the FY 2014, 2015, and 2016 rebate programs, EPA received nearly 1,600 applications requesting \$130 million dollars in rebate funds. EPA awarded \$17 million in rebates for 224 fleets to replace 858 school buses.

DERA – Moving Forward

- ▶ 2020 DERA National RFA opens December 2020 ~ \$40M
 - ▶ Program will continue to prioritize projects related to goods movement and projects in areas of poor air quality
- ▶ FY2020 DERA Tribal RFA ~ Spring 2020
- ▶ FY2020 DERA State Program ~ March 2020
- ▶ FY2020 School Bus Rebates ~ October 2020

How to Fund Projects and Partners

- ▶ There are several ways DERA grant recipients may implement projects and fund project partners depending on the roles and responsibilities of each.
 - ▶ Direct Implementation
 - ▶ Subawards
 - ▶ Participant Support Costs (i.e. Rebates)

Direct Implementation

- ▶ Where the target fleets are owned and operated by the DERA grant recipient, the recipient may directly implement the project.
- ▶ The recipient is responsible for procuring all vehicles/engine/equipment, and any required contractual services, in accordance with applicable competitive procurement requirements in [2 CFR Part 200](#).
- ▶ The applicant's/recipient's budget should reflect only those expenses incurred directly by the recipient organization for personnel, fringe, travel, supplies, equipment, contractual, other, and indirect.

Subawards

- ▶ DERA grant recipients (i.e. pass-through entities) may make subawards to subrecipients to carry out a portion of the DERA funded program or project.
- ▶ Subawards establish a financial assistance relationship under which the subrecipient's employees and contractors implement programs and projects to accomplish the goals and objectives of the DERA grant.
- ▶ Under DERA, a non-Federal entity or individual is eligible to receive a subaward even if it is not eligible to receive a DERA grant from EPA directly.

Subawards, continued

- ▶ Subawards are different than procurement contracts.
 - ▶ Contractors such as equipment suppliers, consulting firms and consultants, or vendors provide goods and services to DERA grant recipients and subrecipients through procurement contracts. They are not subrecipients.
 - ▶ In other grant programs, for-profit entities are typically contractors rather than subrecipients. However, DERA is one of the few grant programs where it is appropriate for pass-through entities to make subawards to for-profit organizations to purchase and install equipment for that organization's own use.
- ▶ For example, if a DERA recipient purchases trucks from a vendor, the appropriate funding instrument is a procurement contract and the transaction is subject to the applicable competitive procurement requirements.
- ▶ Alternately, if a DERA recipient provides funding to a private trucking fleet for the fleet to implement its own diesel emissions reduction program for its trucks, the appropriate funding instrument is a subaward. The fleet (subrecipient) implements their project with the DERA funds received from the pass-through entity, the fleet purchases trucks from a vendor through a procurement contract, and the fleet's procurement transaction is subject to the applicable competitive procurement requirements in 2 CFR Part 200.

Subawards, continued

- ▶ Indicators that the transaction is a subaward include eligible and allowable costs to support the following in addition to the subrecipient vehicle and equipment purchase and installation costs:
 - ▶ subrecipient personnel and overhead including indirect costs incurred for project management, coordination, procurement, reporting and outreach;
 - ▶ subrecipient travel costs required for project implementation and oversight; and
 - ▶ subrecipient contractual costs for design and engineering services.

Subaward, continued

- ▶ If a recipient chooses to make subawards, the recipient must comply with applicable provisions of 2 CFR Part 200, the EPA Subaward Policy, and EPA's National Term and Condition for Subawards.
- ▶ Note that under 2 CFR 200.331 there are extensive requirements for subrecipient monitoring and management that apply to pass-through entities.
- ▶ Additionally, Federal requirements including the 2 CFR Part 200 Procurement Standards "flow down" to subrecipients.
- ▶ By accepting a DERA grant which includes subawards, the recipient is certifying that it either has systems in place to comply with the regulatory and EPA policy requirements specified in these provisions, or that the recipient will refrain from making subawards with EPA funding until the required systems are designed and implemented.

Participant Support Costs - Rebates

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- ▶ DERA grant recipients may provide participant support costs to program beneficiaries to enable beneficiaries to participate in the recipient's program or project.
- ▶ Rebates to program beneficiaries for the purchase of eligible emissions control technologies and vehicle replacements are considered to be participant support costs.
- ▶ Program beneficiaries may only receive rebates for up to the allowable DERA cost share of eligible equipment and installation costs.
- ▶ Rebates differ from subawards in that the beneficiary is participating in the DERA recipient's project instead of implementing their own project.
- ▶ Program beneficiaries may be individual owner/operators or private or public fleet owners.
- ▶ Program beneficiaries are not subject to the same Federal requirements as the DERA grant recipient or subrecipients. For example, the competitive procurement requirements do not apply to program beneficiaries purchasing vehicles or equipment.

Rebates, continued

- ▶ Participant support costs for rebates must be supported by guidelines issued by the recipient and approved by EPA, defining the rules, restrictions, timelines, programmatic requirements, reporting and transaction documentation requirements, eligibility, and funding levels that rebate beneficiaries must follow.
- ▶ Additionally, there must be written agreement between recipient or subrecipient and the program beneficiary that:
 - ▶ Describes the activities that will be supported by rebates;
 - ▶ Specifies the amount of the rebate;
 - ▶ Identifies which party will have title to equipment (if any) purchased with a rebate;
 - ▶ Establishes source documentation requirements to ensure proper accounting of EPA funds; and
 - ▶ Specifies any reporting required of the beneficiary.

How to Fund Projects - Summary

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- ▶ Direct Implementation – DERA recipient owns vehicles
- ▶ Subawards – Public/Private fleet owners receive funds from DERA recipient to implement their own program. Subaward includes costs for subrecipient personnel and overhead for project management, coordination, procurement, reporting and outreach, subrecipient travel costs required for project implementation and oversight; and subrecipient contractual costs for design and engineering services. Subaward agreement includes all programmatic requirements and federal grant terms and conditions.
- ▶ Participant Support Costs (i.e. Rebates) – Public/Private fleet owners receive rebates from DERA recipient for the purchase eligible technologies and vehicles. Rebate agreement includes programmatic requirements.

Resources

- ▶ Best Practice Guide for Procuring Services, Supplies, and Equipment Under EPA Assistance Agreements (www.epa.gov/grants/best-practice-guide-procuring-services-supplies-and-equipment-under-epa-assistance-agreements)
- ▶ EPA Subaward Policy with attachments (www.epa.gov/grants/grants-policy-issuance-gpi-16-01-epa-subaward-policy-epa-assistance-agreement-recipients). Includes:
 - ▶ EPA Subaward Policy
 - ▶ Appendix A: Distinctions Between Subrecipients and Contractors
 - ▶ Appendix B: National Term and Condition for Subawards
 - ▶ Appendix C: Model Programmatic Subaward Reporting Requirement
 - ▶ Appendix D: Subaward Agreement Template
- ▶ RAIN-2018-G05, “Interim EPA Guidance on Participant Support Costs.” (www.epa.gov/sites/production/files/2018-09/documents/interim_guidance_on_participant_support_costs.pdf)