



# **VW Settlement Eligible Mitigation Activity #10 DERA Option**

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## DERA Program Overview

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- DERA Program Overview
- Tribal DERA Request for Proposals (RFP)
- VW Mitigation Trust
- DERA Option Tools and Resources
- Questions



## What is DERA?

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- Diesel Emissions Reduction Act (DERA) originally authorized under the Energy Policy Act of 2005
- Amended and reauthorized by the Diesel Emissions Reduction Act of 2010 (Public Law 111-364)
  - Passed with unanimous consent, bi-partisan support
- Provides funding, on a competitive basis, to eligible entities, to achieve significant reductions in diesel emissions in terms of pollution produced and diesel emissions exposure, particularly from fleets operating in areas designated by the Administrator as poor air quality areas
- Projects must use an EPA or California (CARB) - certified engine configuration or a verified technology
- Priority given to projects that maximize health benefits; are most cost-effective; serve areas with high population and poor air quality; maximize useful life of vehicles and technologies; and conserves diesel fuel



## Eligible Entities

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Tribal Governments (or intertribal consortiums) and Native Villages which have jurisdiction over transportation or air quality are eligible to apply for funding.



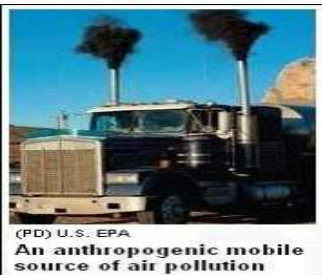
## Eligible Use of Funding

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Eligible diesel vehicles, engines and equipment may include school buses, Class 5 – 8 heavy-duty highway vehicles, marine engines, locomotives and non-road engines, equipment and vehicle retrofits and replacements used in construction, handling of cargo (including at ports or airports), agriculture, mining, or energy production (including stationary generators and pumps).



## Eligible Use of Funding





## Eligible Projects

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**Grant funds may be used for clean diesel projects that use:**

- EPA or CARB verified retrofit technologies or certified engine configurations
- Idling reduction technologies that are EPA verified
- Aerodynamic technologies and low-rolling resistance tires that are EPA verified
- Early engine, vehicle, or equipment replacements with certified engine configurations

**Note:** Funds awarded under this program cannot be used to fund emissions reductions mandated under federal law. Equipment used for testing emissions or fueling infrastructure is not eligible for funding.



## Scope of Work

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### **Eligible Diesel Emission Reduction Solutions include:**

- Exhaust Controls
- Engine Upgrades
- Cleaner Fuel Use
- Verified Idle-Reduction Technologies
- Aerodynamic Technologies
- Engine Repowers
- Vehicle and Equipment Replacement





## VW Mitigation Trust – DERA Option

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- Most of the eligible project types under the DERA Option allow trust funds to pay for only a certain percentage of the project
- In addition, DERA grants generally require a mandatory cost-share
- VW Trust funds cannot be used to meet this non-federal mandatory cost-share requirement



## DERA Option- Tribes

- Federally-recognized Tribes and Alaskan Native Villages become Beneficiaries at time of applying for “first funding request”
- Tribes can implement Eligible Mitigation Actions 1-9 directly with the Trustee and/or utilize the DERA Option with EPA
- DERA Option: Trust funds can be used as a voluntary match for grants under the DERA Tribal RFP
  - Trust funds cannot be used for mandatory cost-shares
  - Tribes choosing the DERA Option can submit a Project Narrative Proposal (refer to Tribal DERA RFP) or a Notice of Intent to Participate (Notice) to Trustee by **Sept \*** of each year to “reserve” funds for DERA grant.
  - Project Narrative or Notice of Intent should be submitted to the Trustee along with Beneficiary certifications and funding requests



## VW Mitigation Trust – Eligible Mitigation Actions

### Eligible Mitigation Projects (Options 1-9)

1. Class 8 local freight trucks and port drayage trucks
2. School/shuttle/transit bus
3. Locomotive switchers
4. Ferries/tugboats
5. Ocean going vessel shorepower
6. Class 4-7 local trucks
7. Airport ground support equipment
8. Forklifts and cargo handling equipment at ports
9. Light duty ZEV supply equipment (up to 15% of allocation)

### DERA Option (#10)

- Option to use Trust Funds for actions eligible under DERA (may or may not be eligible under VW EMAs)
- Beneficiaries may use Trust Funds for their DERA non-federal voluntary match
- State Allocated and Tribal DERA competitive grants only



## How Tribes Access Trust Funds

- Each tribal Beneficiary must submit to the Trustee the first funding request and Beneficiary certifications and by **September 1, 2018 through 2023, thereafter\***
  - Tribes choosing to request funds for the DERA Option may submit a proposed Project Narrative Summary as identified in the Tribal DERA Request for Proposals or a Notice of Intent to Participate (Notice) as Attachment E of their funding request submitted to the Trustee
  - The funding request must explain overall goal for the use of Trust funds, describe estimated NOx reductions, list the categories of projects, consider benefits to air quality in communities with disproportionate air pollution burden, seek and consider public input
- A Tribal Beneficiary may split Trust funds between Eligible Mitigation Actions 1-9 and DERA Option #10
- Two or more Beneficiaries may submit a joint request



## DERA Option Tribal Fact Sheet

- EMA1-9 may be implemented directly by a beneficiary to Wilmington Trust; eligibility determinations and funding requests under EMAs 1-9 will be handled exclusively by the beneficiary.
- EMA 10 (the DERA Option) allows tribal entities to use trust funds as non-federal voluntary matching funds under EPA's Tribal Clean Diesel Funding Assistance Program



# DERA Option EMA Comparison Table Cost Share Requirements

- Class 5-8 Medium and Heavy Duty Highway Vehicles (including Drayage Trucks)\*\*
- Type A, B, C, D Buses (Class 5-8 Transit, Shuttle, or other Buses\*\*
- Line Haul (freight and passenger) and Switcher Locomotives (Must currently operate 1000+ hours per year)\*\*\*
- Marine Engines (Must currently operate 1000+ hours per year)\*\*\*
- Marine Shore Power Connection System\*\*
- Nonroad Diesel Engines (Must currently operate 500+ hours per year)\*\*\*
- Electric Parking Spaces

\*\* DERA Option Eligibility and cost-shares are based on the Tribal Clean Diesel RFP

\*\*\* Replacement with Tier 2+, Tier 3, or Tier 4i requires a “Best Achievable Technology” analysis as described in Appendix E of the FY 2018 Tribal RFP



## DERA Option Notice of Intent to Participate

The tribal entity may use one of the following two options as the required Attachment E to the Beneficiary Eligible Mitigation Action Certification submitted to the trustee:

- 1.) The tribal entity may submit a copy of the “Project Narrative” portion of its application package submitted (or to be submitted) to EPA under the Tribal Clean Diesel Funding Assistance Program
- 2.) Alternately, the tribal entity may submit a Notice of Intent to Participate (Notice)



## Tips for Tribes

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- Look for areas with localized diesel exhaust impact – school bus depots, truck delivery area, rail hub, etc.
- Reach out to local/municipal fleets, school bus fleets, local private companies for project partners early
- Consider how VW non-federal voluntary match could maximize benefits of the program for residents





## Technical Guidance for Beneficiaries

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- Wilmington Trust will not be providing technical assistance to state or tribal beneficiaries.
- EPA will only provide technical assistance to states and tribes for the DERA Option. Regions and the Clean Diesel helpline have been instructed how to direct non-DEIRA Option questions.
- NASEO and NACAA have made a VW Settlement Clearinghouse and will be able to provide limited technical assistance to states and tribes.
- Institute for Tribal Environmental Professionals (ITEP) has been identified and named in the tribal trust agreement as the Technical Assistance Provider for tribes.



## ANTICIPATED TIMELINE

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### FY18 Tribal DERA RFP

- RFP Opens Tuesday, June 5, 2018
- Info Webinar Session #1 Tuesday, June 19, 2018
- Info Webinar Session #2 Thursday, June 21, 2018
- RFP Closes Thursday, September 6, 2018
- Notification of Selection October 2018
- Award Agreements December 2018

To date, 30 Tribal DERA grants have been awarded between 2009 – 2017



## Anticipated Timeline for DERA Option Implementation

this schedule represents scenario if VW pushes back due date for funding requests to December 1, 2018

VW Beneficiary / Opt-in Due	<ul style="list-style-type: none"><li>• November 2018</li></ul>
VW Allocations Released	<ul style="list-style-type: none"><li>• Mid-Oct - Early Nov 2018</li></ul>
VW Funding Requests Due	<ul style="list-style-type: none"><li>• Early Nov – December 3, 2018</li></ul>
VW Funding Recommendation Approval	<ul style="list-style-type: none"><li>• December 2018 – February 2019</li></ul>



# Requirements for DERA Option

- VW Settlement – DERA Option General Information

<https://www.epa.gov/cleandiesel/volkswagen-vw-settlement-dera-option>

- DERA Option Tribal Factsheet

<https://www.epa.gov/cleandiesel/vw-dera-option-tribes-supporting-documents>

- DERA Cost Share Comparison Table

<https://www.epa.gov/sites/production/files/2017-10/documents/vw-dera-option-elgble-mitig-compar-tribal.pdf>

- Notice of Intent to Participate (Notice)

[Tribal Notice of Intent to Participate \(WORD\)](#)



## Resources on the Mitigation Trust:

- <https://www.epa.gov/cleandiesel/volkswagen-settlement-dera-option>
  - Consent decree
  - Settlement highlights
  - FAQ for Beneficiaries
  - Presentation for Prospective Beneficiaries
  - Fact Sheet on DERA Option
  - Detailed Table of Project Eligibility

## Resources on the DERA Option:

- [cleandiesel@epa.gov](mailto:cleandiesel@epa.gov)
- 1-877-623-2322
- [www.epa.gov/cleandiesel](http://www.epa.gov/cleandiesel)
  - Tribal program guidance



# DERA

## Program Resources and Documents

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FY 2018 Tribal Clean Diesel Funding Assistance Program Request for Proposals\*  
**(use FY 2017 Tribal RFP as reference, until FY2018 RFP opens)**

FY 2017 Tribal Work Plan and Narrative Template\*  
[2017 Project Narrative Sample](#)

**(use FY 2017 Tribal RFP as reference, until FY2018 RFP opens)**

Technical Tips Document (Technology, Fleets, and Project Information)  
<https://nepis.epa.gov/Exe/ZyPDF.cgi?Dockey=P100CVIS.pdf>

DEQ – Diesel Emissions Quantifier:

- [www.epa.gov/cleandiesel/diesel-emissions-quantifier-deq](http://www.epa.gov/cleandiesel/diesel-emissions-quantifier-deq)

EPA/CARB Verification Lists:

- [www.epa.gov/verified-diesel-tech/verified-technologies-list-clean-diesel](http://www.epa.gov/verified-diesel-tech/verified-technologies-list-clean-diesel)
- [www.arb.ca.gov/diesel/verdev/vt/cvt.htm](http://www.arb.ca.gov/diesel/verdev/vt/cvt.htm)



Thank you!

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