



Diesel Emission Reduction Grant 2016 RFP Response to Questions

Project: Diesel Emission Reduction Grant 2016 Request for Proposals

Agency Contacts for this Project

Contact for financial questions: Carolyn Watkins, Office of Environmental Education, 614-644-3768, Carolyn.Watkins@epa.ohio.gov

Contact for technical questions: Alan Harness, Division of Air Pollution Control, 614-644-4838, Alan.Harness@epa.ohio.gov

Ohio EPA and the Ohio Department of Transportation (ODOT) jointly administer the [Diesel Emission Reduction Grant \(DERG\) program](#), which has released a 2016 Request for Proposals for vehicle and equipment replacement, repower, retrofit and idle reduction projects in eligible Ohio counties. Applications are due by 5:00 p.m. on Friday October 7th.

A public information session will be held on Wednesday September 7th at 10:00 a.m. at ODOT headquarters, 1980 W. Broad St., Columbus, OH 43223. Conference calls are also scheduled Wednesday September 14 and Tuesday September 20 with program staff to take questions. This document summarizes questions of general applicability and interest received the week of August 15th, and responses from DERG program staff.

In an effort to help you review this document, the questions are grouped by topic and organized in a consistent format.

New questions added this week are in blue type.

Competitive Purchasing Requirements

Question 1: Could a township use ODOT state bid contract #023-16 for the purchase of snowplow trucks to be reimbursed from a DERG grant?

Response 1: Federal funds cannot be used to reimburse purchases made under contracts that include a Buy Ohio or other price preference for locally or regionally sourced equipment. This particular contract does not, and could be used to provide a price estimate for a DERG application. Carefully read the terms and expiration date of any posted state term contracts for vehicle purchases on sites like <http://procure.ohio.gov/proc/currentContracts.asp>. DERG awards are expected to be announced in December, 2016. New grant recipients wishing to purchase replacement vehicles will need to receive a Buy America waiver and federal authorization before initiating purchasing. This process can take several months.

Question 2: Do you have to have an OAKS ID to be eligible for the grants, and how do I get one?

Response 2: OAKS is the Ohio Administrative Knowledge System, the database for state purchasing. You do not need an OAKS ID in order to apply for DERG grants. Once a project is selected for funding, the grant recipient will need to register in OAKS as a supplier in order to receive grant payments. Local government agencies in Ohio should already have this ID. To register, download the OBM5657 Supplier Information Form from the Ohio Shared Services website <http://ohiosharedservices.ohio.gov/SupplierOperations/Forms.aspx> and email it to Supplier@ohio.gov.

Vehicle Eligibility

Question 3: Would a university's campus transit buses qualify under either the Public Transit or School Bus carve outs in this year's DERG?

Response 3: We would consider a campus transit system bus as a transit bus and eligible under the \$4 million set aside for transit buses.

Question 4: Why are hybrid vehicle replacements or conversions not eligible under the DERG program if appropriately certified by US EPA?

Response 4: Dual fuel projects funded previously under the DERG program failed, resulting in long delays and much time spent by the applicants and the program staff to revise project scopes. Congress clearly indicated, and Ohio EPA and ODOT clearly intend, that these CMAQ funds be used to bring about immediate reductions in diesel emissions. This program's purpose is not to demonstrate new or innovative technologies. Ohio EPA and ODOT have determined that the viability of dual fuel technology needs to be proven in the marketplace before we will consider devoting the limited public dollars available to it. Competition is one of the three primary tenets of the DERG program, so the agencies will generally not consider funding technologies only available from a single vendor. Hybrid technologies that don't ensure that the engine is always operating in the most environmentally benign mode, or that cannot document the miles travelled or hours operated in that mode, will not be considered. US EPA also does not allow the use of DERA funds for these technologies.

Some confusion exists about the terminology between US EPA **certified** engine configurations, US EPA (or CARB) **verified** technology for emission reduction (see links in the application), and **exemptions** that US EPA has granted from the anti-tampering provisions of the federal Clean Air Act to alternative fuel

conversion manufacturers who have demonstrated that the emission controls in the converted vehicle or engine will continue to function properly and that pollution will not increase as a result of the conversion. Please see the links on page 19 of the RFP. The phrase "EPA approved" is used inappropriately by some vendors, and it is the responsibility of the DERG applicant/fleet manager to ensure that the technology they select is eligible for DERG funding under CMAQ guidelines.

Fueling Infrastructure

Question 5: If a fleet would like to add infrastructure to their federal request, how must emissions be calculated? If the applicant has sufficient data on other fleets that would use their publicly available station, would the applicant be able to include these other fleet emissions reductions as part of the cost-effectiveness calculation of their project? If not, is the applicant restricted to only quantifying the vehicles/engines requesting funding under their specific application?

Response 5: Applicants should fill out the online application form at https://odot.formstack.com/forms/2016_derq twice, once for the fleet vehicle/equipment information and again selecting "Related Infrastructure for Funding" as the project type. Each application will generate a cost effectiveness estimate. The DERG review committee will consider the applications separately and in combination. Applicants should provide specific information on their own fleet that will be using the station, and may include **reasonable** estimates of the number of alternative fuel vehicles expected to use the publicly available fueling infrastructure, based on the expected operating hours and the percentage of alternative fuel vehicles registered in the vicinity that might be expected to use the fueling station. *Note this answer was further clarified in the questions and responses that follow.*

Question 6: I have additional questions about the process for applying for refueling infrastructure. "Registered" vehicles in the vicinity of a station does not necessarily provide reasonable expectation of refueling at said station. Fleets can purchase or register a vehicle in one location and ultimately use them in another. Other registered vehicles remaining in the vicinity could have their own stations, fuel at other stations, or primarily fuel on routes without use of the applicant station. What criteria will the EPA use to determine the reasonableness of these projections of vehicles/usage? If a reasonable number of vehicles/usage can be determined, what is the process for baselining and for emission reduction calculations in these "other fleet vehicles" fueling at applicant stations? Even if a reasonable usage in terms of number of vehicles, fuel gallons, and hours can be assumed,

how will the applicant and Ohio EPA determine the emission reductions? For example, the City of Columbus tracks the exact external gallons used at its two current CNG stations, however due to credit card and fleet card privacy rules, they cannot get the level of granular detail needed about their customers to calculate reasonable emissions reductions. Most other stations will be like this, however since they will be prospective stations, applicants may not even have this level of information.

How will the applicant and Ohio EPA determine the baseline model year, vehicle types, and new equipment emission displacements? For example, if a CNG station applicant cites 10,000 gallon equivalents of external CNG use per month from 20 vehicles, most stations/applicants will not be able to determine the exact vehicle makes, model years, and usage rate per CNG vehicle using the proposed fueling station. Even if the exact current or prospective vehicles can be identified, it seems especially hard to determine the baseline vehicle make/model/years of the previous conventional fuel vehicles in the respective fleets for calculation of emissions reductions associated with these projects. Will the Ohio EPA require this level of detail from applicants seeking infrastructure funding?

Response 6:

In general, Ohio EPA and ODOT feel that the public funds in the DERG program are better allocated to achieving measurable emission reductions from fleets than providing supporting infrastructure, particularly given the long lead times and the agencies' desire to have projects completed quickly so that federal funds are not carried over from year to year. Ohio EPA and ODOT agree that applicants will not be able to provide credible, definitive information about the use of fueling infrastructure by other vehicle owners. Accordingly, in estimating the emission benefits of fueling infrastructure (other than truck stop electrification), we will only consider use by vehicles already owned and operated by the applicant and its directly controlled subsidiaries, for which specific engine data can be provided. Planned purchases of additional CNG vehicles cannot realistically be factored in.

Example: A fleet owner is applying to DERG for the purchase of 20 new CNG trucks, and a CNG fueling station. The station will also be used by 15 other CNG trucks already owned and operated by the fleet owner and its subsidiary company. The fleet owner will submit two DERG applications: One for the purchase of the 20 new CNG trucks, with engine data for the 20 diesel trucks that are being replaced and the new trucks requested; and a second application for the fueling station, with engine data and an emissions reduction estimate based on the 15 other trucks that the fleet owner controls and knows will be using the station. Ohio

EPA and ODOT may opt to fund only the fleet application, and not the infrastructure application, based on the competitiveness of other applications received in the same grant cycle.

Question 7: Most infrastructure projects are years in the making. Given the needed FHWA “Buy America” waivers, competitive bidding requirements, and needed federal authorization to proceed, how early in the infrastructure planning process must an applicant be to be eligible? Can land have been purchased? Can the station plans be designed (even if the process of designing a station was previously bid out)? Will all infrastructure projects have to be at the beginning stages or will there be an exception made for stations already underway?

Response 7: Federal funds cannot be used to reimburse any project costs incurred before federal authorization was received, no exceptions. DERG funds cannot be carried over for years. Because of the long lead times, Ohio EPA and ODOT will not consider funding infrastructure project proposals unless the applicant owns the property where it is to be installed and the design process is already substantially complete with applicable environmental permit applications already submitted to the permitting authorities, or substantially completed and ready to be submitted. (For truck stop electrification projects, the applicant must secure firm written agreements with the property owners for specific sites, and submit these with the application, in order to be considered.) Ohio EPA and ODOT will not consider awarding DERG funding for CNG fueling stations that do not already have high-pressure (or if applicable, medium pressure) fuel lines already in place on or immediately adjacent to the property. Applications for fueling infrastructure should include documentation attesting to this level of readiness.

Estimating Emission Reductions

Question 8: Based on RFP pg. 11, what criteria will the Ohio EPA use to determine if manual calculations are acceptable? What formula/method will be acceptable if an applicant is determined eligible for manual calculations?

Response 8: A manual calculation will be accepted only in cases where US EPA’s [Diesel Emissions Quantifier](#) tool (DEQ) does not provide adequate input parameters for a particular source type to calculate emission reductions. To date, this is typically locomotive projects and some marine projects. However, this gap is closing since US EPA’s contractor has provided two revisions (updates) to the DEQ so far this year, most recently on July 27, 2016. It is now possible to use the DEQ for more kinds of projects. The latest revisions to the DEQ affect emission calculations for alternative fuel projects such as CNG and propane. In the past, the DEQ used a 50% NOx

and 95% PM default percentage emission reduction in their calculations from baseline diesel. The latest revision does not use a default emission reduction percentage. It leaves those values to be filled in by the user.

This means the applicant will need to use published emission testing results for both NO_x & PM (provided in the engine-specific conformity documents) for *both* the existing diesel engine and the new CNG or propane powered engine to calculate the percent emission reduction for both pollutants. A copy of the appropriate conformity documents should be included in the DERG application, along with the equation used to calculate the percent emission reduction. If the conformity document for an older existing diesel engine cannot be obtained, then the federal emission standard for NO_x & PM for that make and model of diesel powered vehicle may be used. Applicants should review the web links below, and check with Alan.Harness@epa.ohio.gov or 614-644-4838 to confirm that a manual calculation is appropriate for their project, and they are referencing the correct published emission testing results and conformity documents. Be sure to include the input pages as well as the output pages from the DEQ in the supporting documentation for your DERG application.

U.S. EPA Published Diesel Emission Standards:

<https://www.epa.gov/emission-standards-reference-guide/heavy-duty-highway-engines-and-vehicles-emission-standards>

<https://nepis.epa.gov/Exe/ZyPDF.cgi?Dockey=P100O9ZZ.pdf>

DieselNet Reference Guide on EPA Diesel Engine Emission Standards:

<https://www.dieselnet.com/standards/us/>

Information on certified engines may be found at:

<http://www.arb.ca.gov/msprog/onroad/cert/cert.php>

<https://www3.epa.gov/otaq/certdata.htm>

Using a loan to finance vehicles/equipment prior to DERG reimbursements

Question 9: **What is the Ohio EPA and ODOT policy on vehicle financing through a bank or lender? We understand that leased vehicles are not allowed, however most private fleets finance vehicle purchases using banks or other lenders.**

Response 9: Applicants may propose vehicle purchases to be financed through a bank or lender. Because DERG allocated funds must be spent promptly and projects not carried over from year to year to year, ODOT and Ohio EPA would prefer to support projects with loan periods no longer than 36 months, and in no case will support projects with loan periods longer than 48 months. Grant recipients who use a loan to purchase vehicles must submit proof of

purchase for the new vehicles, but will not be reimbursed for the full federal share of the vehicle cost until that portion of the loan has been paid. Grant recipients using a loan may request reimbursement payments no more frequently than quarterly, based on the amount of the loan principal that has been paid off that quarter, and by submitting proof of the amount of the loan/lien on the vehicle that has been paid.

Public Sponsorship by State Agencies

Question 10: **DERG Program Overview slides state: “Private sector applicants seeking Ohio EPA as a public sponsor should submit a complete application draft at least two weeks prior to the deadline.” How much time will the Ohio need to tell the fleet if they will sponsor?**

Response 10: Ohio EPA would prefer to receive a draft of the application and complete financial information required in Appendix F at least four weeks before the application deadline in order to determine whether we can serve as the public sponsor for the project before the application deadline.

Question 11: **Will Ohio EPA accept as proof of financial capacity a letter from an applicant’s bank, stating the applicants credit history, ability to finance the project, and good standing with the institution? Will Ohio EPA work with consultants hired by applicants to finalize this process? Or only with the applicant?**

Response 11: The three state agencies have stated clearly in Appendix F the kind of financial demonstration required in order for them to put public dollars at risk by serving as the public sponsor for a proposed project. A letter as described in the question is not binding and therefore not acceptable. A formal, executed credit line with more than enough available funds to cover the entire cost of a project while awaiting reimbursement could be acceptable, but the grant recipient will be required to provide quarterly updates to the sponsoring agency indicating the dollar amount of the credit line that is still available, throughout the term of the project. Ohio EPA would prefer to receive company financial information directly from the company.

End of Responses to Questions