

Request for Projects

July 25, 2022

Request for Projects to be funded by Potential EPA DERA Competitive Grant

In August 2022 the United States Environmental Protection Agency (EPA) is expected to open the application period for the Diesel Emissions Reduction Act (DERA) National Competitive Grant Program. The goal of this program is to achieve significant reductions in diesel emissions. Although private fleet owners are not eligible to apply directly to EPA for this funding, projects involving both public and private fleets may be included in an application submitted by a state, local, or tribal government or by an eligible nonprofit organization.

The Nebraska Department of Environment and Energy (NDEE) is considering applying for a DERA National Competitive Grant as a supplement to the annual Nebraska Clean Diesel Rebate Program (see box to the right). The department is soliciting information on potential projects that could be included in such an application.

General Eligibility Criteria

NDEE is soliciting proposals from public entities (including but not limited to county and municipal governments), private organizations, companies, and individuals. Eligible projects that could receive funding are:

- Replacement of medium to heavy-duty on-road diesel trucks used in local refuse hauling, delivery, construction, or maintenance operations (up to two trucks per applicant).
- Replacement of nonroad diesel equipment and vehicles used in construction or cargo handling, including railcar movers (up to two per applicant).
- All-electric replacements of diesel irrigation engines (one per applicant).

Diesel vehicles and equipment to be replaced must be in working order and under current ownership for at least the past two years. There are also minimum annual mileage or operating hour eligibility thresholds. Interested parties should consult the section below that lists the detailed eligibility criteria, other requirements, and reimbursement levels for each project category.

NDEE receives funds from the EPA each year to operate the Nebraska Clean Diesel Rebate Program, which carries out projects to reduce diesel emissions in the state. These noncompetitive funds are allocated to participating states by formula. NDEE expects to open the application period for the 2022 Clean Diesel Rebate Program around October 1, 2022, with funding available only for all-electric replacements of diesel irrigation engines. The Competitive Grant opportunity described here would be in addition to the annual Clean Diesel Rebate Program.

If NDEE's application is successful, funds will be distributed as rebates (reimbursements) upon completion and documentation of individual projects.

- The project applicant is responsible for the remainder of the project costs (mandatory cost-share).
- No other federal grant funds may be used to cover any portion of the mandatory cost-share.
- Funds obtained through the DERA Competitive Grant cannot be combined with funds from NDEE's regular Clean Diesel Rebate program on the same project.

Submission of Project Proposal and Cost-Share Commitment Letter

NDEE's proposed application for the DERA National Competitive Grant Program must identify each vehicle or piece of equipment that is to be replaced along with quoted purchase costs. We must also include information on the engine and the annual vehicle miles or hours of use; this information is used to determine project eligibility and to estimate the emission reductions to be achieved by the project.

Interested parties should use the forms provided on the *Request for Projects for EPA Competitive DERA Grant* page on the NDEE website to submit the required information for diesel truck, nonroad equipment, or irrigation engine projects. **You may submit proposals in more than one project category, but only one proposal for each project type.** Proposals that do not include all of the information listed on the proposal form will not be considered. Documentation of ownership, mileage/hours of use, and copies of actual price quote documents are NOT required with your proposal. However, if your project is selected and funded, NDEE will require this documentation before entering into a project agreement.

Along with your project proposal you must also submit a Cost-Share Commitment Letter stating that if your project is selected for funding, you will provide the funds needed for the mandatory cost-share for your project. A template for a Cost-Share Commitment Letter is provided with each of the project information forms.

Please submit the proposal form and cost-share commitment letter no later than Tuesday, September 20th, 2022. Submission of a proposal does not guarantee selection or funding. Submit materials via e-mail to NDEE.AirQuality@nebraska.gov or send by mail to:

Nebraska Clean Diesel Rebate Program
Nebraska Department of Environment and Energy
P.O. Box 98922
Lincoln, NE 68509-8922

Selection of Project Proposals

EPA's program guidance for the 2022 DERA National Competitive Grant Program (expected in August) will set a maximum funding request amount for each application. If the total reimbursement amount for all eligible project proposals submitted to NDEE exceeds the EPA maximum, NDEE will not be able to include all proposed projects in the Competitive Grant application. In that event, NDEE will select for

inclusion projects that are expected to achieve the greatest reduction in diesel emissions (primarily those of nitrogen oxides and fine particulates).

Estimated Project Timeline

The exact project timeline will be established when EPA releases the Request for Applications. Programs in previous years have had two-year project durations after awards were announced. NDEE estimates the following timing:

- August 2022: EPA releases Request for Applications for the 2022 DERA National Competitive Grant Program.
- September 20, 2022: Deadline for interested parties to submit proposal forms and cost-share commitment letters to NDEE.
- October 1, 2022: proposers notified whether or not their project has been selected for inclusion in NDEE's application for the program.
- October 2022: close of EPA application period.
- End of December 2022: NDEE notified by EPA on success or failure of application.
- January 2023: NDEE notifies proposers on application status and, if successful, requests documentation and copies of quotes from proposers. Begin drafting project agreements.
- March or April 2023: EPA issues award document to NDEE. NDEE issues commence work notification to proposers. **Funding is not guaranteed until NDEE receives the award from EPA. Expenditures incurred before you receive the commence work notification from NDEE will not be reimbursed.**

You may contact us with questions at NDEE.AirQuality@nebraska.gov or at (402) 471-4272.

Project Eligibility

EXPECTED ELIGIBILITY CRITERIA AND REIMBURSEMENTS FOR POTENTIAL DERA COMPETITIVE GRANT PROJECTS

(subject to change upon release of EPA's 2022 program guidance)

Replacement of medium to heavy-duty diesel trucks used in local refuse hauling, delivery, construction, or maintenance operations. Applicants may submit information for up to two trucks.

Trucks to be replaced must:

- be fully operational Class 5 to 8 diesel trucks (gross vehicle weight rating of 26,001 lbs or greater) with at least three years of remaining life as estimated by the owner
- have been driven at least 7,000 miles per year for each of the last two years
- have been under current ownership for the past two years
- operate at least 75% of the time within 100 miles of their base location in Nebraska
- have engine model year 2009 or older if the proposed replacement is a new diesel truck; there is no model year limitation if the proposed replacement is a new certified low-emission truck fueled by compressed natural gas (CNG) or is a zero-emission (battery electric) truck
- be scrapped (engine and chassis) if selected for replacement

Each replacement truck must:

- have an engine with model year 2019 or later or be zero-emission.
- resemble the existing truck in form and function and not be in a larger weight class.

Expected reimbursements:

- for replacement by a new diesel truck, 25% of the new truck cost up to \$70,000 per truck.
- for replacement by a low-emission CNG truck, 35% of the new truck cost up to \$120,000 per truck.
- for replacement by a zero-tailpipe emission power source (e.g. battery electric), 45% of the cost of each new truck and one charging unit (including mount and pedestal) per truck.

Replacement of nonroad diesel equipment and vehicles used in construction or cargo handling, including railcar movers. Applicants may submit information for up to two pieces of equipment.

Nonroad vehicles and equipment to be replaced must:

- be fully operational and have a Tier 3 or lower diesel engine with at least three years of remaining life as estimated by the owner
- have been operated at least 500 hours per year for each of the previous two years

- have been under current ownership for the past two years
- operate entirely within the state of Nebraska
- be scrapped if selected for replacement

Each replacement nonroad vehicle or piece of equipment must:

- have a Tier 4 diesel engine or be zero-emission (battery electric).
- must resemble the existing unit in form and function.

Expected reimbursements:

- for replacement by a diesel vehicle/equipment, 25% of the new unit cost.
- for replacement by a zero-emission unit, 45% of the cost of the new vehicle/equipment plus one charging unit for each (including mount and pedestal).

All-electric replacements of diesel irrigation engine. Applicants may submit information for one engine.

An agricultural diesel irrigation engine to be replaced must:

- be fully operational and have at least three years of remaining life as estimated by the owner
- have been operated at least 250 hours per year for each of the previous two years
- have been under current ownership for the past two years
- be scrapped if selected for replacement

The diesel engine must be replaced by an electric motor or by connecting an existing submersible pump to the electric grid. The expected reimbursement is 60% of the costs of equipment, installation and wiring, and electric utility costs for connecting to the grid; the maximum rebate amount is \$20,000.

Parties interested in **irrigation engine replacement** may submit a proposal to NDEE for the DERA National Competitive Grant Program *and* also apply for a rebate from the Nebraska Clean Diesel Rebate Program (applications expected to open by October 1, 2022) for the same engine (to increase chances of funding) or for different diesel irrigation engines. However, a single project cannot be jointly funded through both sources.