

### **Overview**

The recently enacted American Recovery and Reinvestment Act of 2009 (P.L. 111-05) (or stimulus package) provides billions in new funding for programs that could potentially benefit NGVs. Of primary interest to NGV America members are the following: 1) Department of Energy Pilot Program for alternative fuel, infrastructure and advanced technology vehicles - \$300 million; 2) U.S. EPA Diesel Emission Reduction Program - \$300 million; 3) Federal Transit Administration capital expenditures- \$8.4 billion; 4) Department of Energy Block Grants for Energy Efficiency and Conservation - \$3.2 billion; and 5) General Services Administration Federal Fleet acquisition of fuel efficient vehicles - \$300 million.

The stimulus package also included two important changes to the tax credits for natural gas vehicles and fueling infrastructure. Those changes are highlighted here but not summarized in detail. The NGV tax credit is now able to be taken against the alternative minimum tax for individuals (not businesses) and the value of the fueling infrastructure credit was increased (\$50,000 maximum credit for businesses and \$2,000 maximum credit for home refueling units). For more information on NGV tax incentives, click here: <http://www.ngvc.org/incentives/federalTax.html>.

The information provided below is intended to provide a brief overview of each funding opportunity and provide information on how to apply for funding or work with organizations that qualify for funding as most of this money is directed to governmental authorities. Some of the agencies responsible for disbursing this funding have not yet released solicitations or guidance providing more specific information on how the funding will be allocated.

### **Department of Energy Clean Cities Program – Pilot Programs**

ARRA provides the U.S. Department of Energy Clean Cities with \$300 million to support pilot projects that advance the use of alternative fuels and advanced technology vehicles. In February, DOE amended an earlier solicitation for alternative fuel projects to include details on how stakeholders can apply for the additional \$300 million. The amended solicitation originally was issued in December 2008 and includes funding for infrastructure development, acquisition of alternative fuel vehicles, and education outreach efforts. The deadline for project funding under the *initial* solicitation is still March 31, 2009. The deadline for filing for the *new money* is

May 29, 2009. A second deadline of September 30, 2009 has been established to process additional requests should funds remain.

According to DOE, the \$300 million in new funding will be allocated toward pilot projects that advance the use of alternative fuels and advanced technologies. DOE intends to allocate the funding in accordance with section 721 of the Energy Policy Act of 2005. This program authorizes funding for not more than 30 geographically dispersed pilot projects. DOE plans to provide a minimum of \$5 million and a maximum of \$15 million for projects. The non-federal cost share for projects is 50 percent. Applications for this funding must be submitted by a state or local government, or metropolitan transportation authority (or a combination of these) and be joined by a designated Clean Cities Coalition.

The new funding will support the incremental cost of acquiring of alternative fuel vehicles (including certain off-road applications like port vehicles) as well as development of alternative fuel refueling infrastructure. Dedicated and bi-fuel vehicles qualify for funding under this new solicitation. As the purpose of the stimulus package is to quickly inject needed investment into the U.S. economy, DOE's notice emphasizes that "shovel ready" projects will be accorded priority consideration.

Funding Notice: <https://e-center.doe.gov/iips/faopor.nsf/UNID/9FEFD7404BACF12F8525757400701AFE?OpenDocument>

Clean Cities Website: <http://www1.eere.energy.gov/cleancities/>  
Clean Cities' Solicitations: <http://www.afdc.energy.gov/cleancities/progs/solicitations.php>

### **EPA Diesel Emission Reduction Program**

ARRA provides the U.S. Environmental Protection Agency with \$300 million in new funding for diesel emission reduction grants. The U.S. EPA has posted information on its website on the availability of stimulus funding. According to EPA, the funding for the National Clean Diesel Campaign will be allocated as follows: (1) \$156 million for the National Clean Diesel Program; (2) \$30 million for the SmartWay Finance Program; (3) \$20 million for "emerging technologies"; (4) \$88 million to states to administer programs; and, (5) \$6 million to EPA to administer programs. As is the case with other stimulus funding, there is a priority on getting this money out the door quickly.

EPA's website indicates that funding solicitations are expected to be available by March 17. Once the solicitations are formally announced, EPA plans to provide as little as 40 days to submit applications. Funding awards under the National Clean Diesel Campaign (\$156 million) are slated for May 2009. For the state funding initiative, state authorities were required to provide "notice of intent to apply" by March 6. EPA plans to award this funding to state authorities by April 17.

Under the above programs, cleaner fuels like natural gas qualify. Repowering of existing engines also qualify. The emerging technology category is reserved for technologies that show promise to significantly reduce diesel emissions and which have not yet been certified by U.S. EPA or California authorities. Eligible applicants include state and local government authorities, air quality or transportation agencies and certain non-profit organizations. Persons interested in requesting funding under these initiatives should work with state environmental agencies, and the regional diesel collaboratives.

EPA's website for Recovery Funds: <http://www.epa.gov/otaq/eparecovery/>

### **Federal Transit Administration Capital Expenditures**

In March, the Federal Transit Administration (FTA) issued a notice detailing plans for distributing \$8.4 billion in ARRA funding for transit capital improvements. Most of the funding for capital improvements, about \$6.0 billion, will be apportioned by formula grants. The largest portion of this new funding, or \$4.3 billion, goes to large urban areas with populations of one million or more. Funding not apportioned by formula, i.e., competitive and discretionary grants, will be addressed in future notices.

The formula grant apportionments require the submission of applications for the funding. The FTA notice provides extensive details on the requirements for these submissions. It is absolutely essential that areas qualifying for the funding move quickly to apply for the funds. Grant applications for these funds must be submitted by July 1, 2009. ARRA requires that at least 50 percent of the funds apportioned must be obligated by September 1, 2009. After that date, FTA will withdraw and reallocate to other areas any portion of the 50 percent not obligated. Funds will be considered obligated when an application for funding is approved. By March 5, 2010, all funds apportioned to an area must be obligated or FTA will withdraw them and reallocate them to other areas that have not had any funds withdrawn. These areas will then have until September 30, 2010 to obligate the funds.

Given the very tight time constraints included in the law, applications for funding most likely will include projects that have already been selected by local and state

authorities. This does not mean that new projects can't be proposed but it does mean that the window for such projects is extremely tight. FTA's notice also indicates that projects must be listed in an approved Metropolitan Transportation Plan, Transportation Improvement Plan or Statewide Transportation Improvement Plan. The notice indicates that funds can be used for projects for which contracts have been signed or bids awarded. Funds, however, cannot be used to replace funds already obligated under an existing FTA grant. The federal share for projects funded with this new money can be as high as 100 percent.

For purposes of our industry, funding can be used for acquiring buses, rehabilitating buses, remanufacturing buses, leasing equipment or facilities, preventative maintenance of facilities, acquiring or constructing facilities. A portion also can be used for administering program, but funds cannot be used for operational expenses. Grant recipients can include metropolitan planning organizations, transit authorities, or state governors.

**Persons interested in advancing natural gas projects should immediately reach out to local transit agencies and metropolitan planning organizations.** Some things to consider when approaching these organizations are whether existing projects include language that is flexible enough to accommodate additional bus acquisitions or a larger planned facility. There also may be ways to modify or expand projects that are already in the pipeline in order to accommodate natural gas buses, vehicles, or infrastructure. The FTA announcement also indicates that grantees can save time in some cases by piggybacking on existing contracts or partnering with other grantees on joint purchases.

FTA & Guidance:

<http://edocket.access.gpo.gov/2009/pdf/E9-4745.pdf>.

FTA website for Recovery Funds - [http://www.fta.dot.gov/index\\_9118.html](http://www.fta.dot.gov/index_9118.html)

### **Energy Efficiency and Conservation Block Grants (EECBG)**

ARRA provides \$3.2 billion for the U.S. Department of Energy to allocate for projects under the Energy Efficiency and Conservation Block Grant Program. This program was authorized as part of the Energy Independence and Security Act of 2007 (Pub. L. No. 110-140, §§ 541 - 543) but previously was unfunded. The grant program allocates funding according to a formula with 68 percent going to city and county programs, 28 percent going to state programs, 2 percent for DOE to provide for competitive grants, and 2 percent for tribal programs. This program provides funding for a number of different types of energy efficiency and conservation programs

including those involving transportation, buildings and other appropriate sectors. DOE has not issued formal guidance for this program. However, it has updated information on its website to provide an overview of the types of projects it expects will qualify for funding. This information indicates that funding will be provided to projects involving the development and implementation of transportation programs that conserve energy and also for projects that reduce or capture methane and other greenhouse gases. DOE also has additional authority to approve other activities which fulfill the intent of this program.

DOE website for EECEBG Funding:

[http://apps1.eere.energy.gov/wip/block\\_grants.cfm?print](http://apps1.eere.energy.gov/wip/block_grants.cfm?print)

### **U.S. General Services Administration Federal Fleet Acquisitions**

ARRA provides \$300 million in new funding to help federal agencies acquire motor vehicles with higher fuel efficiency including hybrid and plug-in electric vehicles. GSA has until September 30, 2011 to spend this funding. The new law and the committee report accompanying it provide some guidance on how this money must be spent. No funds, however, may be obligated until GSA submits to Congress a plan on how it plans to spend the funds and how it plans to comply with the requirement to substantially increase fuel efficiency of federal fleet vehicles and reduce emissions. The law indicates that the report should be submitted to Congress within 90 days of passage. Each vehicle purchased must have a higher fuel economy, as measured by EPA, than the vehicle being replaced and the overall government-purchased vehicles must have an improved fuel economy at least 10 percent greater than the vehicles being replaced. Natural gas vehicles are not specifically mentioned as qualifying for the new funding but we are hopeful that the fuel efficiency provision will take into account the benefits of displacing petroleum with alternative fuels. The current fuel economy calculations in fact reward AFVs for their petroleum reduction benefits.

At the time this summary was prepared, there was no further guidance on this program from GSA. However, future GSA announcement likely will appear here:

[http://www.gsa.gov/Portal/gsa/ep/contentView.do?contentType=GSA\\_OVERVIEW&contentId=25888](http://www.gsa.gov/Portal/gsa/ep/contentView.do?contentType=GSA_OVERVIEW&contentId=25888) – Recovery information site

[http://www.gsa.gov/Portal/gsa/ep/contentView.do?contentType=GSA\\_OVERVIEW&contentId=25429](http://www.gsa.gov/Portal/gsa/ep/contentView.do?contentType=GSA_OVERVIEW&contentId=25429) – Fleet & Automotive site

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