



# Volkswagen Trust

## Be Part of the Solution

### **Fiscal Year 2021 Implementation Guidelines: Diesel Emission Reduction Act (DERA) Option**

The DERA Option award category will help further reduce NO<sub>x</sub> emissions by ensuring that Missouri qualifies for the matching bonus from the federal DERA grant for 2018 through 2027. Missouri's Beneficiary Mitigation Plan dedicates \$3 million to this award category for use as a match for each DERA grant year during the 10-year trust period allowed by the VW consent decree. DERA grants allow the Department more flexibility in funding projects. Many projects that are eligible for DERA grants (e.g., stationary engine upgrades or idle reduction/retrofits) are not eligible under any other VW Trust category.

#### **Eligible Projects and Funding Percentages**

Projects must fall under one of the following Eligible Diesel Emission Reduction Solutions:

1. Diesel Engine Retrofit Technologies
2. Engine Upgrades and Remanufacture Systems
3. Cleaner Fuels and Additives
4. Idle Reduction Technologies
5. Aerodynamic Technologies and Verified Low Rolling Resistance Tires
6. Engine Replacement
7. Vehicle and Equipment Replacements
8. Clean Alternative Fuel Conversions

Projects may include, but are not limited to, emission reduction solutions from the following heavy-duty diesel emission source types:

- Buses
- Medium-duty or heavy-duty trucks
- Marine Engines
- Locomotives
- Nonroad engines, equipment or vehicles used in:
  - Construction
  - Handling of cargo (including at a port or airport)
  - Agriculture
  - Mining

- Energy production (including stationary generators and pumps)

Eligible Diesel Emission Reduction Solutions	Maximum Rebate
a. Exhaust Control Retrofit	100%
b. Engine Upgrade / Remanufacture	40%
c. Clean Fuels and Additives bundled with a vehicle/engine/equipment replacement or engine upgrade or retrofit	Cost differential of clean fuel/additive and conventional diesel fuel
d. Idle Reduction  Highway Idle Reduction Bundled with Exhaust Control Retrofit  Stand-alone Highway Idle Reduction  Locomotive Idle Reduction  Marine Shore Power  Electrified Parking Space	100%  25%  40%  25%  30%
e. Aerodynamic Technologies or Verified Low Rolling Resistance Tires bundled with new installation of Verified Engine Retrofit Technologies	100%
f. Engine Replacements  Engine Replacement – Diesel or Alternative Fuel (locomotive, marine, nonroad, and highway diesels)  Engine Replacement – Low NO <sub>x</sub> (highway only)  Engine Replacement – Zero Emission (locomotive, marine, nonroad, and highway diesels)	40%  50%  60%
g. Vehicle/Equipment Replacement  Vehicle/Equipment Replacement – Diesel or Alternative Fuel	25%*

(locomotive, marine, nonroad, and highway diesels) Vehicle/Equipment Replacement – Low NO <sub>x</sub> (highway only)	35%
Vehicle/Equipment Replacement – Zero Emission (locomotive, marine, nonroad, and highway diesels)	45%
Vehicle Replacement – Drayage	50%
h. Clean Alternative Fuel Conversion	40%

\*Maximum funding for diesel or alternative fuel school bus replacement projects is 25% up to \$22,500.

**Application Process:**

The Department will solicit applications for all eligible DERA projects.

**Selection Process:**

The Department will select program beneficiaries using a lottery process from the pool of applications. Using available DERA funding, the Department will offer funding for one eligible project associated with each application in the order drawn. The Department will draw all applications in the lottery and keep remaining unfunded applications as alternatives in case any of the initially selected beneficiaries decide not to participate in the program. Interested parties may submit separate additional applications, with one project each, for consideration as alternatives in case funding remains after the Department issues all eligible awards. If funding still remains after the Department awards all DERA projects, the Department will choose unfunded projects from the other VW Trust categories.