



MICHIGAN DEPARTMENT OF
ENVIRONMENT, GREAT LAKES, AND ENERGY

MICHIGAN DIESEL EMISSION REDUCTION PROGRAM

REQUEST FOR PROPOSALS

Issue Date: May 10, 2024

Response Due: June 17, 2024

**Michigan Department of Environment, Great Lakes, and Energy
525 West Allegan Street
Lansing, Michigan 48933**

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Michigan Diesel Emission Reduction Program for Proposals

PART I GENERAL INFORMATION

I-A Purpose

The Michigan Department of Environment, Great Lakes, and Energy's (EGLE) Energy Unit is offering grants for projects that will reduce diesel emissions by replacing old vehicles, engines, and equipment, with all-electric vehicles and equipment, focusing on local government fleets, recycling vehicles, compost and food waste recovery vehicles, agriculture, and irrigation equipment. Both public and private entities will be eligible to apply for funds to support eligible projects. EGLE is committed to promoting healthy communities, economic growth, and environmental sustainability, through its programs in Energy, Pollution Prevention, and Recycling, that support the MI Healthy Climate Plan and Michigan's decarbonization goals. The grant period will start upon full execution of a grant agreement with EGLE. The anticipated grant end date is August 31, 2026.

I-B Program Description

In fiscal year (FY) 2024, EGLE will provide grants to support sustainable mobility, decarbonizing travel, and ensuring all Michiganders have access to clean transportation options. Michigan intends to fund projects that will reduce diesel emissions by replacing old vehicles, engines, and equipment with all-electric vehicles and equipment, focusing on local government fleets, recycling vehicles, compost and food waste recovery vehicles, agriculture, and irrigation equipment. Both public and private entities will be eligible to apply for funds to support eligible projects. By focusing on these key target audiences, this funding will not only help reduce the direct diesel emissions from this type of equipment, but it will also help increase the recycling rate, reduce food waste from going to landfills, improve water conservation, and increase local adoption of electric equipment. Applicants must consider the following Program objectives, priorities, and tasks in the planning of their proposal.

1. Program Objectives

Bring stakeholders together from government, industry, and nonprofit organizations, to reduce the impact from diesel engine emissions. The objectives of the Program are to help meet federal air quality standards for particulate matter (PM) and ozone, to reduce nitrogen oxides (NOx), and to facilitate a just transition to less carbon intensive modes of transporting people and goods, while also increasing the recycling rate, reducing food waste from going to landfills, improving water conservation, and increasing local adoption of electric equipment, to support to support Governor Gretchen Whitmer's climate priorities.

2. Program Priorities

The Michigan Diesel Emission Reduction Program (Program) will fund projects aimed at reducing diesel emissions by replacing old vehicles, engines, and equipment with all-electric vehicles and equipment.

- Focus on local government fleets, recycling vehicles, compost and food waste recovery vehicles, agriculture, and irrigation equipment, in diverse geographic and industrial areas where environmental improvements should be made through diesel emissions reductions.
- Encourage innovation, development, and adoption of zero emission technologies by industry.
- Foster partnerships to identify alternative funding and resources for diesel emissions reduction technologies and strategies.
- Advance awareness of the benefits of pollution prevention strategies that reduce diesel emissions.

3. Applicant Tasks

*NOTE: Applicants must clearly and succinctly explain how they will accomplish each required task below **during the grant period***

- The way in which the project will achieve a significant prevention or reduction of diesel emissions.
- A description of the area(s) that will benefit from reduced diesel emissions.
- The reason the project's area is being targeted for this project (i.e., air quality status, high diesel engine traffic, large population near roadways, children's exposure to diesel emissions, etc.).
- An overview of the type of fleet identified for the project, including the total number of verified vehicles or equipment to be replaced in this project.
- Information on whom or what organization(s) will retain ownership of the vehicles and/or equipment purchased with funding from this project.

I-C Grant Award

A total of \$1,152,965 in funding is expected to be available, with the average individual grant awards ranging from \$25,000 to \$500,000, not including match. Applicant(s) must provide a complete Budget using the [Approved Budget Form](#) (See Section II-B). Budgets must be itemized which adequately describes each budget category. This is a reimbursement-based opportunity, so costs must be incurred and paid for before they are reimbursed. The grant(s) awarded from this RFP will be subawards of the State's federal award from the United States Environmental Protection Agency's (EPA) Diesel Emissions Reduction Act (DERA). As such, the grant will adhere to all federal grant requirements.

All applicants must provide a **minimum percent (%) match** of the total requested grant funds (also known as the "State share"). All applicants are subject to the funding limitations and mandatory cost share requirements shown below. Reference section IV-A for details on acceptable match types. The sum of the State share, plus the Recipient share of allowable costs, will equal the total allowable project cost.

Percentages are as follow:

- Drayage Truck Replacement: EPA Funding Limit = 50%
- Vehicle or Equipment Replacement with EPA Certified Engine: EPA Funding Limit = 25%
- Vehicle or Equipment Replacement with CARB Certified Low NOx: EPA Funding Limit = 35%
- Vehicle or Equipment Replacement with Zero-tailpipe Emission Power Source: EPA Funding Limit = 45%
- Engine Replacement with EPA Certified Engine: EPA Funding Limit = 40%
- Engine Replacement with CARB Certified Low NOx Engine: EPA Funding Limit = 50%
- Engine Replacement with Zero-tailpipe Emission Power Source: EPA Funding Limit = 60%
- EPA Certified Remanufacture System: EPA Funding Limit = 100%
- EPA Verified Highway Idle Reduction Technologies when combined with new or previously installed exhaust after treatment retrofit: EPA Funding Limit = 100%
- EPA Verified Highway Idle Reduction Technologies without new exhaust after-treatment retrofit: EPA Funding Limit= 25%
- EPA Verified Locomotive Idle Reduction Technologies: EPA Funding Limit = 40%
- EPA Verified Marine Shore Connection Systems: EPA Funding Limit = 25%
- EPA Verified Electrified Parking Space Technologies: EPA Funding Limit = 30%
- EPA Verified Exhaust After-treatment Retrofits: EPA Funding Limit = 100%
- EPA Verified Engine Upgrade Retrofits: EPA Funding Limit =100%
- EPA Verified Hybrid Retrofit Systems: EPA Funding Limit: 60%
- EPA Verified Fuel and Additive Retrofits when combined with new retrofit, upgrade, or replacement: EPA Funding Limit = Cost differential between conventional diesel fuel
- EPA Verified Aerodynamics and Low Rolling Resistance Tires, when combined with new exhaust after-treatment retrofit: EPA Funding Limit =-100%
- Alternative Fuel Conversion: EPA Funding Limit = 40%

The eligible acquisition cost for equipment means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. Ancillary charges, such as taxes, duty, protective in-transit insurance, and freight may be included in or excluded from the acquisition cost, in accordance with the non-Federal entity's regular accounting practices. The Energy Unit will award funds to applicants that agree to the terms set forth in this RFP and the [Grant Agreement](#). The Energy Unit, an entity within EGLE, will be the primary contact with selected applicants to negotiate the scope of work,

budget, reporting periods, report format, and reporting content. All other requirements are non-negotiable. Funds must be expended by August 31, 2026.

I-D Eligibility Criteria

For purposes of this RFP, the following types of entities are eligible to apply:

- Cities, townships, and villages.
- County government agencies.
- Port authorities.
- Transit agencies.
- Public school districts.
- Private schools, including those that are designated as tax exempt under 501(c)(3) of the Internal Revenue Code.
- Other non-profit organizations or institutions that have the promotion of transportation or air quality as their focus and are designated as tax exempt under 501(c)(3) of the Internal Revenue Code.
- Metropolitan Planning Organizations.
- Private business and industry, including agribusiness.

A single applicant may submit only one application. Each application may contain one or more partners. All applicant and partner entities must have continuous and ongoing business operations that include a physical location in Michigan.

Eligible projects must involve/address reduction of diesel emissions and diesel emissions exposure. Impacted facilities must be occupied and have long range plans of continued use. All eligible applicants must provide a Unique Entity Identifier (UEI) number from the System for Award Management (SAM.gov) website. **UEI registration can take up to 10 business days to become active.**

I-E Ineligible Projects

1. Projects deemed illegal under the law or inappropriate under contract management standards.
2. Projects considered scientifically unsound or significantly increase risks to workers and/or the public.
3. Projects that will not be conducted in Michigan.
4. Projects involving demonstration of non-commercially available equipment and technologies.
5. Projects that cannot be shared with or have restricted transferability to other entities in Michigan.
6. Projects requiring an environmental assessment study under the [National Environmental Policy Act \(NEPA\) of 1969](#) (Title 42 of the United States Code (U.S.C.), Section 4321 *et seq.*) unless the applicant can show proof of the U.S. Department of Energy's approval of the project.

7. Infrastructure projects wherein the construction materials, manufactured products, and iron and steel are not produced in the United States (See Section IV-K).

I-F Issuing Office and Point of Contact

This Request for Proposals (RFP) has been issued by EGLE's Energy Unit. Questions that arise as a result of this RFP must be submitted to the Energy Unit by email only. All questions must be submitted on or before 5:00 p.m. (ET), June 17, 2024. All questions regarding this solicitation should be directed to:

Dan Zbozien

ZbozienD@Michigan.gov

I-G Changes to the RFP and Responses to Questions

Written answers to questions, changes, and/or clarifications will be posted at: Michigan.gov/EGLECleanDiesel by June 17, 2024.

I-H Proposals

To be considered, applicants must submit a complete response to this RFP, addressing the Program Objectives, Program Priorities, and Applicant Tasks listed in the Program Description I-B, and using the format and attachments provided in Part II.

I-I Response Date

Proposals must be submitted by 11:59 p.m. on June 17, 2024

PART II INFORMATION REQUIRED FROM APPLICANTS.

NOTE: The following information must be submitted by all applicants to be considered. *Failure to attach/include the requested information will result in the rejection of the proposal.*

1. Application (Grant proposal cover sheet and proposal template signed by grant acceptance authority) ([see link and instructions below](#))
2. Approved Budget Form ([see link and instructions below](#))
3. [Eligibility Statement](#)
4. [Completed Fleet Description Spreadsheet](#)
5. Letters of commitment from partners
6. Additional Attachments:
 - a. Most recent copy of the A-133 or outside audit OR the most recent financial statements (balance sheet and income statement). Applicants that receive cumulative federal funding of over \$750,000, or that receive a single state award over \$500,000 are required to provide an A-133 single audit.
7. If Applicable:
 - a. Charitable organizations and professional fundraisers (unless exempt)

must complete Michigan Charitable Trust Registration. For more information, please visit the [Attorney General's website](#).

- b. Parent Organizational Chart – organizational chart detailing the management hierarchy of the Parent Organization, and its relationship to the applicant organization.
- c. Partner Organizational Chart – organizational chart detailing the management hierarchy of the Partner Organization, and its relationship to the applicant organization. Attach an organizational chart for each Partner Organization.
- d. Letter(s) of support / commitment from Partner Organization(s).
- e. [State Historic Preservation Office \(SHPO\) Section 106 Review Form](#) (see link and instructions below).
- f. [National Environmental Policy Act \(NEPA\) Form](#) (see link and instructions below).
- g. Build America, Buy America Act (BABA) [Waiver Request Form](#).

Please see instructions below for additional information:

II-A Proposal Worksheet

[Complete the Proposal Worksheet](#) and attach additional sheets, as necessary. Use the appropriate section headers when continuing answers on additional sheets. Please ensure that all text entered into the Proposal Worksheet fields is visible (i.e., not cut off) upon printing.

II-B Approved Budget Form

1. Applicant(s) *must* use the [Approved Budget Form](#) All budget categories must be addressed. Please use “N/A” or “None” to indicate there are no costs associated with a given budget category.
2. The following costs are **disallowed**: sick pay, holiday pay, paid vacation time, payroll taxes, real property (e.g., land and buildings), parking, tuition reimbursement/remission, car rental, subscriptions, dues, memberships, and repair of buildings and structures.
3. All applicants must meet the **minimum match** as described in section I-C above. The sum of the State share plus the recipient share will equal the total allowable project cost.
4. **Equipment** –All Equipment expenses must be justified in your proposal. If the equipment is being proposed as cost match and was previously acquired, provide the value of its contribution to the project and a rationale for the estimated value shown. If it is new equipment that will retain a useful life upon completion of the project, provide a rationale for the estimated value shown. Also, indicate whether the equipment is being used for other projects or is 100% dedicated to this project. Equipment purchases over \$5,000 will require additional documentation, such as Lien or Uniform Commercial Code Filing, and the State of Michigan listed as the lienholder/creditor for 5 years prior to reimbursement.
5. **Incurring Costs** – The State is not liable for any costs incurred by an applicant prior to issuance of a [Grant Agreement](#). The following documentation will be required by selected applicants to receive

reimbursement:

- a. Receipt/Invoice or payroll summary for cost incurred.
- b. Proof of payment via bank statement, ACH payment, or scanned cashed check.

Note: All match types (cash, in-kind, third-party) will be held to the same documentation requirements.

Additional Budget Information:

1. Selected applicant(s) assumes the responsibility for ensuring the grant project is performed within the established timeline.
2. If the entire State share of the grant award is expended, the entire in-kind and/or matched funds must be spent and supported by source documentation. If the entire State share of the grant award is not spent, the in-kind and/or matched funds may be reduced proportionately by the percentage of the grant award not spent.
3. Selected applicant(s) may not commingle award funds with current or future awards received from the Diesel Emission Reduction Act. Financial assistance from each funding source must be managed, reported, and accounted for separately from all other funding sources.
4. Should selected applicant(s) cease business operations or dissolve the program established under the grant agreement, existing capital must be returned to the State of Michigan.

PART III SELECTION CRITERIA

All proposals received shall be subject to an evaluation by EGLE’s Energy Unit. The evaluation will be conducted in a manner appropriate to select the applicant(s) for the purpose of entering into a [Grant Agreement](#) to perform the proposed project within the established timeline. Initial screening of the applications will be conducted to ensure applicants and projects meet all eligibility requirements.

EGLE will prioritize projects that maximize public health benefits, are the most cost-effective, that serve areas with the highest population density or that are poor air quality areas, that serve areas that receive a disproportionate quantity of air pollution from diesel fleets, and those that use a community-based multistakeholder collaborative process to reduce toxic emissions.

Proposals failing to meet the eligibility requirements described in Sections I-C, that do not comply with the requirements of the Grant Agreement, and/or which are incomplete, **will be rejected automatically**. Proposals meeting the eligibility requirements will be evaluated according to the scoring criteria and weighting factors below.

III-A Scoring of Proposals

Total maximum points are 100.

Project Scope, Objective & Feasibility

(10 Points)

Proposals will be evaluated based on the scope of work, its merit, and the quality of information submitted. The proposal problem statement, goals and objectives, and timeline are of special interest. Proposals will be evaluated on their likelihood of success and feasibility to achieve the purpose, outcomes, and tasks required by this RFP within the established timeframe.

Project Impact

(35 Points)

Proposals will be evaluated on their anticipated short and long-term impacts.

Reductions in diesel emissions, such as PM 2.5, NOx, and CO2 in areas designated as having poor air quality.

Total cost of ownership for new vehicles and equipment.

- Expand awareness of the benefits of pollution prevention strategies that reduce diesel emissions.
- Increase the adoption of zero emission vehicles, engines, and equipment.
- Reduce diesel emissions in areas with poor air quality and high population densities located next to sources of diesel emissions.
- To create a greater awareness among residents of the health impacts of PM2.5 and ozone (O3) in areas of Michigan located within proximity to an ongoing exposure to diesel engine emissions.
- To support economic growth and innovation.

Program Priorities

(35 Points)

Proposals will be evaluated on the incorporation of the Michigan Clean Diesel Program priorities (see Part I, Section I-B).

Environmental Justice

(20 Points)

Proposals will be evaluated on whether the proposed program takes place in or benefits an Environmental Justice Community based on the [EGLE MiEJScreen](#) and [Environmental Protection Agency's EJScreen](#) tools.

III-B Project Clarifications/Revisions

During the proposal review process, applicants may be contacted for clarification and for the purpose of negotiating changes in project activities, timetables, and budgeted costs. The Issuing Office reserves the right to award funds for an amount other than that requested and/or request changes to, or clarification of, the proposed project.

III-C Rejection of Proposals

EGLE's Energy Unit reserves the right to reject any and all proposals received as a result of this RFP or to negotiate separately with any source whatsoever in any manner necessary to serve the best interest of the State and the Energy Unit.

The Energy Unit will not pay for the information solicited or obtained as a result of a consultant/vendor's response to any RFP.

III-D Acceptance of Proposal Content

The contents of this RFP and the proposal of the selected applicant become grant obligations if a grant award ensues. Failure of the selected applicant to accept these obligations shall result in cancellation of the award.

The successful applicant(s) will be required to accept all terms and enter into a Grant Agreement with the State within 45 calendar days of being notified of funding availability. The Agreement consists of standard contract language, applicant's work plan, timetable, and budget information, a compensation clause that adheres to guidelines in this solicitation, and terms and conditions that outline additional requirements.

PART IV ADDITIONAL INFORMATION

IV-A Acceptable Match Types

Applicants may use cash, bond proceeds, tax-exempt leasing and/or Michigan SAVES financing for some or all of their match, and those that do will receive favorable consideration. Match may be categorized as in-kind or monetary from a third-party, or in-kind or monetary from the applicant organization. Match is subject to the same backup documentation as expenses incurred.

IV-B SIGMA Vendor Registration

All selected applicants must be registered as a vendor of the State of Michigan on the SIGMA Vendor Self Services (VSS) before entering into a Grant Agreement. If you are an existing vendor and have an account in [Sigma VSS](#), please verify that all your account information is correct. If not, please use the [Sigma VSS](#) to register. This website is for the exclusive use of the vendors and individuals intent on doing business with the State of Michigan and allows you to be paid in the event that you are awarded a contract. **Your registration may take up to two weeks to be processed.**

IV-C News Releases

News releases (including promotional literature and commercial advertisements) pertaining to the Grant or project to which it relates must not be made without prior written State approval, and then only in accordance with the explicit written instructions of the State.

IV-D Disclosure of Proposal Contents

All information in a bidder's proposal and any Grant resulting from this RFP is subject to the provisions of the Freedom of Information Act, 1976 Public Act No. 442, as amended, MCL 15.231, *et seq.*

- IV-E Copyrighted Materials
See Section VI of the [Grant Agreement](#) for a summary of intellectual property provisions.
- IV-F Prime Applicant Responsibilities
The selected applicant will be required to assume responsibility for all grant activities offered in the proposal, whether or not that applicant performs them. Further, the State will consider the selected applicant (Recipient) to be the sole point of contact with regard to grant matters, including but not limited to payment of any and all costs resulting from the anticipated grant. If any part of the work is to be subcontracted, the Recipient must notify their Grant Manager and identify the subcontractor(s), including firm name and address, contact person, complete description of work to be subcontracted, descriptive information concerning subcontractor's organizational abilities, Federal Employer Identification Number (FEIN), UEI number, and/or state license number. The State reserves the right to approve subcontractors for the project and to require the Recipient to replace subcontractors found to be unacceptable. The Recipient is totally responsible for adherence by the subcontractor to all provisions of the Grant. For additional information, see Section VII and VIII of the [Grant Agreement](#) for a summary of delegation provisions.
- IV-G Partner Responsibilities
Organizations partnering with selected applicant(s) must comply with the requirements of the solicitation and will be held to the same standards as prime applicants.
- IV-H State Historic Preservation Office (SHPO) Section 106 Review Form
If the applicant is conducting ground-disturbing activity or work on a building(s) that is/are at least fifty years of age or older, the applicant must complete in full, the State Historic Preservation Office Application for Section 106 Review. The review process must be completed prior to the expenditure of federal funds. No project that results in an adverse effect to a historic property will be considered for funding. Projects may be modified to avoid adverse effects. **Submit this form with your proposal. EGLE's Energy Unit will review and forward to the State Historic Preservation Office, as necessary.**
- IV-I National Environmental Policy Act (NEPA) Form
All activities undertaken with grant funds must comply with the [National Environmental Policy Act \(NEPA\) of 1969](#) (42 U.S.C., Section 4321 *et seq*). It is the Recipient's responsibility to acquire all necessary environmental permits to operate in the State of Michigan. **Submit this form with your proposal for review.**
- IV-J Davis-Bacon Act Requirements
The Davis-Bacon Act requires that all laborers and mechanics that are non-government employees receive prevailing wages. This requires that the U.S.

Department of Labor (DOL) wage rate report is included with agreements that are affected by the Davis-Bacon Act requirement. If applicable, all positions that are related to an agreement subject to the Davis-Bacon Act must be classified accordingly. Weekly time reporting requirements and necessary forms are listed in the Grant Agreement, Addendum to Part II. Detailed information about the Davis Bacon Act can be found at the [U.S. Department of Labor website on Federal Contracts-Working Conditions](#).>

IV-K Build America, Buy America Act Requirements

The [Build America, Buy America Act \(BABA\)](#), enacted as part of the [Infrastructure Investment and Jobs Act](#), established a domestic content procurement preference for all federal financial assistance obligated for infrastructure projects after May 14, 2022.

Recipients of an award of Federal financial assistance from a program for infrastructure are hereby notified that none of the funds provided under this award may be used for a project for infrastructure unless:

1. All iron and steel used in the project are produced in the United States – this means all manufacturing processes, from initial melting stage through the application of coatings, occurred in the United States,
2. All manufactured products used in the project are produced in the United States – this means the manufactured product was manufactured in the United States; and the cost of the components of the manufactured product that are mined, produced, or manufactured in the United States is greater than 55% of the total cost of all components of the manufactured product, unless another standard for determining the minimum amount of domestic content of the manufactured product has been established under applicable law or regulation; and
3. All construction materials¹ are manufactured in the United States – this means that all manufacturing processes for the construction materials occurred in the United States.

The Buy America preference only applies to articles, materials, and supplies that are consumed in, incorporated into, or affixed to an infrastructure project. As such, it does not apply to tools, equipment, and supplies, such as temporary scaffolding, brought to the construction site and removed at or before the completion of the infrastructure project. Nor does a Buy America preference apply to equipment and furnishings, such as movable chairs, desks, and portable computer equipment, that are used at or within the finished infrastructure project but are not an integral part of the structure or permanently affixed to the infrastructure project.

“Construction materials” includes an article, material, or supply—other than an item of primarily iron or steel; a manufactured product; cement and cementitious

¹ Excludes cement and cementitious materials, aggregates such as stone, sand, or gravel, or aggregate binding agents or additives.

materials; aggregates such as stone, sand, or gravel; or aggregate binding agents or additives—that is or consists primarily of:

- Non-ferrous metals
- Plastic and polymer-based products (including polyvinylchloride, composite building materials, and polymers used in fiber optic cables)
- Glass (including optic glass)
- Lumber
- Drywall

“Domestic content procurement preference” means all iron and steel used in the project are produced in the United States; the manufactured products used in the project are produced in the United States; or the construction materials used in the project are produced in the United States.

“Infrastructure” includes, at a minimum, the structures, facilities, and equipment for, in the United States, roads, highways, and bridges; public transportation; dams, ports, harbors, and other maritime facilities; intercity passenger and freight railroads; freight and intermodal facilities; airports; water systems, including drinking water and wastewater systems; electrical transmission facilities and systems; utilities; broadband infrastructure; and buildings and real property. Infrastructure includes facilities that generate, transport, and distribute energy.

“Project” means the construction, alteration, maintenance, or repair of infrastructure in the United States.

Waiver Process

When necessary, an applicant may request a waiver from the BABA requirements. This request must be first submitted to EGLE since EGLE is the prime recipient of the federal funds. EGLE will then review the waiver request, and if warranted, submit it to the Environmental Protection Agency. Waiver requests are subject to review by the [federal agency] and the Office of Management and Budget (OMB), as well as a public comment period of no less than 15 calendar days. Waiver requests will be made publicly available on [federal agency]’s and OMB’s websites. The EPA may reject or grant waivers in whole or in part depending on its review, analysis, and/or feedback from the OMB or the public. Waiver requests may take up to 90 calendar days to process. **To be considered for a waiver from the BABA requirements, submit [this form](#) with your proposal for review.**

NOTE: A proposal that fails to meet the BABA requirements without an approved waiver request will not be eligible for funding.

PART V PROGRAM SPECIFIC INFORMATION

PROGRAM PRIORITY AREAS

The FY 2024 Program grant funding is available statewide, however, EGLE is prioritizing counties and areas identified as priority locations by the EPA and EGLE because they are one or more of the following as listed in Table 1 below, and as identified in the EPA [Environmental Justice Screening and Mapping Tool](#).

- Air Quality Non-Attainment (Ozone)
- High Asthma Burden
- Urban Counties (<50K)

Counties	Air Quality Non-Attainment (Ozone)	High Asthma Burden	Urban Counties (<50K)
Allegan	x		
Bay		x	x
Berrien	x		x
Calhoun			x
Clinton			x
Eaton		x	x
Genesee		x	x
Ingham			x
Jackson		x	x
Kalamazoo			x
Kent		x	x
Livingston	x		x
Lapeer			x
Macomb	x	x	x
Midland			x
Monroe	x		x
Muskegon	x		x
Oakland	x	x	x
Ottawa			x
Saginaw		x	x
St. Clair	x	x	x
Washtenaw	x	x	x
Wayne	x	x	x

Table 1 Priority Counties

ELIGIBLE GRANT ACTIVITIES

Eligible grant activities include the replacement of diesel vehicles, equipment, and engines, and irrigation equipment, with zero tailpipe emission vehicles, engines, or equipment, or hybrid or alternative fuel vehicles, engines, or equipment. Projects may include, but are not limited to, diesel emission reduction solutions from the following heavy-duty diesel emission source types:

- Buses¹
- Medium heavy-duty or heavy heavy-duty trucks²

¹ For the purposes of the Program, buses include school buses of Type A, B, C and D. To be eligible as a

- Marine Engines
- Locomotives
- Nonroad engines, equipment, or vehicles used in:
 - Construction
 - Handling of cargo (including at a port, airport, or train yard)
 - Agriculture
 - Mining
 - Industry
 - Energy production (including stationary generators and pumps)

Funds cannot be used for the purchase of vehicles, engines, or equipment to expand a fleet or agricultural operation. The grantee and partners must agree to operate vehicles, engines, and equipment purchased with grant funds in Michigan for at least five years immediately after the grant closes. Projects must have public notification, but funding for activities involving education and outreach are not eligible under this grant.

Eligible Technology (2019 or Newer)	Maximum Grant Percentage	Match Percentage Required
Vehicle or Equipment Replacement with CARB Certified Low NOx Engine	35	65
Vehicle or Equipment Replacement with Zero-tailpipe Emission Power Source	45	55
Engine Replacement with CARB Certified Low NOx Engine (i.e., propane)	50	50
Engine Replacement with Zero-tailpipe Emission Power Source	60	40

Table 2 Grant and Match Percentages

Eligible costs for battery electric powered vehicle, equipment and engine replacement projects can include the purchase and installation of one charging unit per vehicle, including the unit and charging cable, mount and/or pedestal. These costs are subject to

school bus, a vehicle should meet the definition of a school bus as defined by the National Highway Transportation Safety Administration. This definition includes but is not limited to: 1) A bus that is used for purposes that included carrying students to and from school or related events on a regular basis; 2) Be identified with the words "School Bus"; and 3) Be painted National School Bus Glossy Yellow. For the Purposes of the Program, buses include and medium and heavy-duty transit buses; see footnote 2.² For the Purposes of the Program, medium heavy-duty and heavy heavy-duty highway vehicles are defined as Class 5 through Class 8: Class 5 (16,001 -19,500 lbs. GVWR); Class 6 (19,501 -26,000 lbs. GVWR); Class 7 (26,001 -33,000 lbs. GVWR); Class 8a (33,001 -60,000 lbs. GVWR); Class 8b (60,001 lbs. GVWR and over).

the mandatory cost share requirements of the grant. Ineligible costs include power distribution to the pedestal, electrical panels and their installation, upgrades to existing electrical panels or electrical service, transformers and their installation, wiring/conduit and its installation, electricity, operation and maintenance, stationary energy storage systems that power the equipment (e.g., batteries) and their installation, and on-site power generation systems that power the equipment (e.g., solar and wind power generation equipment) and their installation.

Engine Replacement

Engine Replacement includes, but is not limited to, diesel engine replacement with an engine certified for use with an alternative fuel (e.g., compressed natural gas (CNG), propane), diesel engine replacement with a zero-tailpipe emissions power source (grid battery or fuel cell³), and/or diesel engine replacement with an electric generator(s) (genset). Zero tailpipe emissions engine replacements do not require EPA or California Air Resources Board (CARB) certification.

The eligible cost of engine replacement includes the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the equipment functional, including related labor expenses. Charges for equipment and parts on engine replacement projects are only eligible for funding if they are included in the certified engine configuration and/or are required to ensure the effective installation and functioning of the new technology but are not part of typical vehicle or equipment maintenance or repair. Examples of ineligible engine replacement costs include, but are not limited to the following: tires, cabs, axles, paint, brakes, and mufflers. For engine replacement with battery, fuel cell, and grid electric, examples of eligible engine replacement costs include, but are not limited to: electric motors, electric inverters, battery assembly, direct drive transmission/gearbox, regenerative braking system, vehicle control/central processing unit, vehicle instrument cluster, hydrogen storage tank, hydrogen management system, fuel cell stack assembly, and the purchase and installation of electrical infrastructure or equipment to enable the use of power. Examples of ineligible costs include, but are not limited to, electricity, and operation and maintenance costs.⁴

Locomotive, Marine, and Nonroad Diesel Vehicles and Equipment Eligibility:

Marine Engines - Includes replacement of diesel-powered Category 1, 2, and 3 marine engines and vessels.

Locomotives - Includes replacement of diesel-powered line-haul, passenger, and switch engines and locomotives.

Nonroad engines, equipment, or vehicles- includes diesel powered engines, - equipment and vehicles used in construction, handling of cargo (including at ports and airports), agriculture, mining, or energy production (including stationary

³ Hydrogen fuel cells are only eligible for engine replacements for eligible urban transit buses, shuttle buses, and drayage trucks, as defined in this program guide.

⁴ Please see Funding Restrictions for additional information on the eligibility of engine replacements.

generators and pumps

Funding can cover up to 60% of the cost (labor and equipment) of replacing a diesel engine with a zero-tailpipe emissions power source.

Highway Diesel Vehicles:

Class 5-8 medium duty or heavy-duty trucks, transit buses, school buses.

Funding can cover up to 50% of the cost (labor and equipment) of replacing a diesel engine with a 2019 model year or newer engine that is certified to CARB's Optional Low-NOx Standards of 0.1 grams per brake horsepower hour (g/bhp-hr), 0.05 g/bhp-hr, or 0.02 g/bhp-hr NOx. Engines certified to CARB's Optional Low NOx Standards may be found by searching CARB's Executive Orders for Heavy-duty Engines and Vehicles, found at Arb.Ca.Gov/Msprog/Onroad/Cert/Cert.php.

Funding can cover up to 60% of the cost (labor and equipment) of replacing a diesel engine with a zero-tailpipe emissions power source. Please see the section below on Funding Restrictions for additional information on the eligibility of engine replacements.

Vehicle and Equipment Replacements:

Nonroad and highway diesel vehicles and equipment, locomotives, and marine vessels can be replaced under this Program with newer, cleaner vehicles and equipment that operate on alternative fuels and use engines certified by the EPA and if applicable, CARB, to meet a more stringent set of engine emission standards. Replacement includes, but is not limited to, diesel vehicle/equipment replacement with newer, zero tailpipe emission (grid, battery, or fuel cell⁵), hybrid, or alternative fuel (e.g., CNG, propane) vehicles/equipment. Zero tailpipe emissions vehicles and equipment do not require EPA or CARB certification.

The eligible cost of a vehicle/equipment replacement includes the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the equipment functional. The cost of additional "optional" components or "add-ons" that significantly increase the cost of the vehicle may not be eligible for funding under the grant; the replacement vehicle should resemble the replaced vehicle in form and function. For grid electric powered equipment replacements, examples of eligible replacement costs include, but are not limited to, the purchase and installation of electrical infrastructure or equipment to enable the use of power. Examples of ineligible costs include, but are not limited to, electricity and operation and maintenance costs.

Locomotives, Marine Vessels and Nonroad Diesel Vehicles and Equipment:
Includes diesel powered line-haul, passenger, and switch engines and locomotives.

⁵ Hydrogen fuel cell vehicles and equipment are only eligible as replacements for eligible transit buses, shuttle buses, drayage trucks, terminal tractors/yard hostlers, stationary generators, and forklifts, as defined in this program guide.

Funding can cover up to 45% of the cost of a new, zero tailpipe emissions locomotive, marine vessel, or nonroad vehicle or piece of equipment.

Highway Diesel Vehicles and Buses (other than Drayage):

Funding can cover up to 35% of the cost of a replacement vehicle powered by a 2019 model year or newer engine certified to meet CARB's Optional Low-NOx Standards of 0.1 g/bhp-hr, 0.05 g/bhp-hr, or 0.02 g/bhp-hr NOx. Engines certified to CARB's Optional Low NOx Standards may be found by searching CARB's Executive Orders for Heavy-duty Engines and Vehicles, found at Arb.Ca.Gov/Msprog/Onroad/Cert.

Funding can cover up to 45% of the cost of a new, zero tailpipe emissions replacement vehicle.

Agricultural Irrigation Pump Diesel Engine Replacement with Electric Equipment:

- The current diesel engine must be in operating condition and have operated at least 250 hours each year over the past two years. Documentation of operating hours is required.
- The applicant must have owned the engine to be replaced for at least two years prior to submission of the application.
- The diesel engine must have a remaining service life of at least three years based on age, condition, and usage.
- The diesel engine must be replaced with an electric motor or, if the engine powers a generator that runs a submersible pump, by directly connecting the submersible pump to the electric grid.
- The replaced diesel engine must be disabled (scrapped).

EGLE can reimburse up to 60% of the cost of the electric motor, installation, and/or required electrical infrastructure (including electric line extension)

Stationary engine projects, such as energy producing generators and agricultural pumps, will not be considered for funding under this grant if the emissions reductions proposed for funding are required by EPA's RICE rule, "National Emission Standards for Hazardous Air Pollutants for Stationary Reciprocating Internal Combustion Engines (Title 40 of the Code of Federal Regulations (CFR), Part 63, Subpart ZZZZ). The DERA Program recommends that all applicants applying for projects which include stationary engines use this tool and include the results in their applications. [RICE Rule Navigation Tool Site](#).

Drayage Vehicles:

Funding can cover up to 50% of the cost of a replacement drayage truck with a new, zero tailpipe emissions replacement vehicle.

Definition of Drayage Truck: A “Drayage Truck” means any Class 8 (GVWR greater than 33,000) highway vehicle operating on or transgressing through port or intermodal rail yard property for the purpose of loading, unloading, or transporting cargo, such as containerized, bulk, or break-bulk goods.

Drayage Operating Guidelines: If an application for the replacement of drayage trucks is selected for funding, the grant recipient will be required to establish guidelines to ensure that any existing truck replaced with grant funds has a history of operating on a frequent basis over the prior year as a drayage truck, and to ensure any new truck purchased with grant funds is operated in a manner consistent with the definition of a drayage truck, as defined above. For an example of sample guidelines, visit

Epa.Gov/CleanDiesel/Clean-Diesel-State-Forms-and-Documents.

Please see section below on Funding Restrictions for additional information on the eligibility of engine replacements for additional information on the eligibility of vehicle and equipment replacements.

FUNDING RESTRICTIONS

Federal Matching Funds

No funds awarded under the Program shall be used for matching funds for other federal grants unless expressly authorized by statute. Likewise, recipient may not use federal funds as matching or cost-share funds for the State Clean Diesel Grant Program, including funds received under the EPA’s National Clean Diesel Emissions Reduction Programs and federal Supplemental Environmental Project (SEP) funds.

Administrative Costs Expense Cap:

No administrative costs will be eligible.

Expenses Incurred Prior to the Project Period:

No funds awarded under the Program shall be used to cover expenses incurred prior to the project period set forth in any assistance agreement funded under the Program. Additionally, expenses incurred prior to the project period set forth in any assistance agreement funded under the Program are not eligible as a cost-share.

Emission Testing:

No funds awarded under the Program shall be used for emissions testing and/or air monitoring activities (including the acquisition cost of emissions testing equipment), or research and development.

Fueling Infrastructure:

No funds awarded under the Program shall be used for fueling infrastructure, such as that used for the production and/or distribution of biodiesel, compressed natural gas, liquefied natural gas, and or other fuels.

Mandated Measures:

Pursuant to 42 U.S.C. 16132(d)(2), no funds awarded under this Program shall be used to fund the costs of emissions reductions that are mandated under federal law. The restriction applies when the mandate takes effect (the effective date) for any affected vehicles, engines, or equipment. This restriction does not apply to a mandate in a State Implementation Plan approved by the Administrator under the Clean Air Act. Voluntary or elective emissions reduction measures shall not be considered “mandated,” regardless of whether the reductions are included in the State Implementation Plan.

Specifically, projects involving locomotives and marine engines are not eligible for funding if the emissions reductions are required by the EPA’s locomotive and marine rule, “Control of Emissions of Air Pollution from Locomotives and Marine Compression-Ignition Engines Less than 30 liters per Cylinder.” Also, projects involving stationary engines will not be considered for funding if the emissions reductions proposed for funding are required by the EPA’s RICE rule, “National Emission Standards for Hazardous Air Pollutants (NESHAP) for Stationary Reciprocating Internal Combustion Engines (40 CFR, Part 63, Subpart ZZZZ). Applications which include locomotives and/or marine engines and/or stationary engines must provide, to the EPA, a clear and concise justification for why/how the proposed emissions reduction is not subject to the Restriction for Mandated Measures. The justification must clearly demonstrate that:

- The target engines are exempt from any federal requirements; or
- Emissions reductions funded under the Program will be implemented prior to the effective date of any applicable federal requirements; and/or
- Emissions reductions funded under the Program will not be used to satisfy any applicable federal requirements, but instead are in excess (beyond) of those required by the applicable mandate.

Sufficient information must be provided to support the justification, including maintenance records, if applicable.

Fleet Expansion:

Funding under this Program cannot be used for the purchase of vehicles, engines, or equipment to expand a fleet. Engine, vehicle, and equipment replacement projects are eligible for funding on the condition that the following criteria are satisfied:

- To be eligible for replacement, the vehicle, engine, or equipment must be fully operational and in current, regular service.
- The replacement vehicle, engine, or equipment will continue to perform similar function and operation as the vehicle, engine, or equipment that is being replaced.
- The replacement vehicle, engine, or equipment will be of similar type and gross vehicle weight rating or horsepower as the vehicle, engine, or equipment being replaced.
- Nonroad: Horsepower increases of more than 25% will require specific approval by the EPA prior to purchase, and the applicant may be required to

- pay the additional costs associated with the higher horsepower equipment.
- Highway: The replacement vehicle must not be in a larger weight class than the existing vehicle (Class 5, 6, 7, or 8). The engine's primary intended service class must match the vehicle's weight class (i.e., a LHD diesel engine is used in a vehicle with GVWR 16,001–19,500 pounds, a MHD diesel engine is used in a vehicle with a GVWR of 19,501 –33,000 pounds, and an HHD diesel engine is used in a vehicle with a GVWR greater than 33,000 pounds.) Exceptions may be granted for vocational purposes; however, the
- GVWR must stay within 10% of the engine's intended service class and any exceptions will require specific EPA approval prior to purchase.

Scrappage

The vehicle, equipment, and/or engine being replaced must be scrapped or rendered permanently disabled within ninety (90) days of being replaced.

Cutting a three-inch-by-three-inch hole in the engine block (the part of the engine containing the cylinders) is the preferred scrapping method. Other acceptable scrapping methods may be considered and require prior EPA approval. Disabling the chassis may be completed by cutting through the frame/frame rails on each side at a point located between the front and rear axles. Other acceptable scrapping methods may be considered and require prior written approval from the EPA project officer. Equipment and vehicle components that are not part of the engine or chassis may be salvaged from the unit being replaced (e.g., plow blades, shovels, seats, tires, etc.). If disabled engines, disabled vehicles, disabled equipment, or parts are to be sold, Program income requirements apply.

Alternative Scrappage Options: If a 2010 engine model year (EMY) or newer highway vehicle is replaced, the 2010 EMY or newer vehicle may be retained or sold if the 2010 EMY or newer vehicle will replace a pre-2009 EMY vehicle, and the pre-2009 EMY vehicle will be scrapped. It is preferred that the scrapped unit currently operates within the same project location(s) as the 2010 EMY or newer vehicle currently operates, however alternative scenarios will be considered. All existing and replacement vehicles are subject to the funding restrictions in this section of the Program. All equipment must operate within the United States. Under this scenario, a detailed scrapping plan must be submitted and requires prior EPA approval.

If a Tier 2, Tier 3, or Tier 4 locomotive, marine, or nonroad vehicle, equipment and/or engine is replaced, the units may be retained or sold if they will replace a similar, lower Tiered unit, and the lower Tiered unit will be scrapped. It is preferred that the scrapped unit currently operates within the same project location(s) as the original Tier 2, 3, or 4 unit currently operates, however alternative scenarios will be considered. All existing and replacement equipment are subject to the funding restrictions in this section of the Program guide. All equipment must operate within the United States. Under this scenario, a detailed scrapping plan must be submitted and requires prior EPA approval. For tire replacement projects, the original tires must be scrapped according to local or state requirements. Evidence of appropriate disposal is required in a final assistance agreement report submitted to EPA.

Participating fleet owners must attest to the appropriate disposal in a signed scrappage statement. A sample scrappage statement may be found on the DERA State Grants website. The scrappage statement must include: Vehicle owner's name and address; vehicle make; vehicle model; vehicle model year; VIN; odometer reading or usage meter reading; engine make; engine model; engine model year; engine horsepower; engine ID or serial number, as applicable; name, address, and signature of dismantler; date engine and/or vehicle/equipment was scrapped; statement attesting to scrappage of vehicle/engine as defined above; signature of participating fleet owner. Digital photos as follows: side profile of the vehicle, prior to disabling; VIN tag or equipment serial number; engine label (showing serial number, engine family number, and engine model year); engine block, prior to hole; engine block, after hole; cut frame rails or other cut structural components, as applicable; others, as needed.

Evidence of appropriate disposal is required in a final assistance agreement report submitted to EGLE and includes digital photos of the engine tag (showing serial number, engine family number, and engine model year), the destroyed engine block, and cut frame rails or other cut structural components, as applicable. Evidence also includes a signed certificate of destruction (to be provided by the EPA Project Officer), or alternative documentation as approved by the EPA Project Officer.

Equipment and vehicle components that are not part of the engine or chassis may be salvaged from the unit being replaced (e.g., plow blades, shovels, seats, tires, etc.). If scrapped or salvaged engines, vehicles, equipment, or parts are to be sold, Program income requirements apply.

Highway Model Year:

No restriction on Highway Model year on replacement with zero emission vehicle or engines, or Low-NOx. Please see the Low-NOx Engine Factsheet found at Epa.Gov/dera/State for guidance on identifying engines certified to meet CARB's Optional Low NOx Standards. If no applications are received from this Request for Proposal for zero emission vehicle or engine or Low-NOx vehicle or engine replacement, then Highway Model Year restrictions will apply.

Ownership, Usage, and Remaining Life requirements:

New ownership, usage, and remaining life requirements apply as noted below. To meet usage requirements, mileage/hours from multiple units can be summed if those units will be scrapped and replaced with a single unit.

Recipient agrees that funds under this award, including subawards/subgrants, cannot be used to upgrade engines, vehicles, and equipment that do not meet the following criteria: (a) The existing vehicle, engine, or equipment must be fully operational. Operational equipment must be able to start, move, and have all necessary parts to be operational. (b) The participating fleet owner must currently own and operate the existing vehicle or equipment and has owned and operated the vehicle during the two years prior to upgrade. (c) The existing vehicle, engine, or

equipment must have at least three years of remaining life at the time of upgrade. Remaining life is the fleet owner’s estimate of the number of years until the unit would have been retired from service if the unit were not being upgraded or scrapped because of the grant funding. The remaining life estimate is the number of years of operation remaining even if the unit were to be rebuilt or sold to another fleet. The remaining life estimate depends on the current age and condition of the vehicle at the time of upgrade, as well as things like usage, maintenance, and climate.

- Highway Usage: The mileage of multiple units may be combined to reach the thresholds below where those units will be scrapped and replaced with a single unit. Highway Engines: To be eligible for funding, the existing certified highway engine/vehicle must have accumulated at least 7,000 miles/year during the two years prior to upgrade.
- Exception: A certified highway engine/vehicle being used in a predominately nonroad application (e.g., firetrucks or utility trucks that idle for long periods to power an auxiliary apparatus) may use engine operating hours as defined below in “nonroad usage” for eligibility purposes.

Nonroad Usage: The engine operating hours of multiple units may be combined to reach the thresholds below where those units will be scrapped and replaced with a single unit.

- Agricultural Pumps: To be eligible for funding, agricultural pumps must operate at least 250 hours/year during the two years prior to upgrade.
- All Other Nonroad Engines: To be eligible for funding, nonroad engines must operate at least 500 hours/year during the two years prior to upgrade.
- Exception: A nonroad engine/vehicle being used in a predominately highway application may use vehicle mileage as defined above in “highway usage” for eligibility purposes.

Locomotive and Marine Usage: The mileage of multiple units may be combined to reach the thresholds below where those units will be scrapped and replaced with a single unit. To be eligible for funding, the existing locomotive and marine engines must operate at least 1,000 hours/year during the two years prior to upgrade.

Documentation Requirements:

Participating fleet owners must attest to the ownership, usage, and remaining life requirements in a signed eligibility statement. The documentation is not required at the time of application but is required if the project is selected for funding. This documentation is to verify the eligible use of grant funds. A sample eligibility statement may be found at Epa.Gov/DERA/State.

Current Engine Model Year	Vehicle or Engine Replacement: Zero Emission, or Low- NOx
No restriction	Yes

Table 3 Medium and Heavy-Duty Trucks, Transit Buses, and School Buses Funding

Eligibility

Current Engine Tier	Vehicle, Equipment, Replacement with Zero Emission ⁷
Unregulated-Tier 4	Yes
Current Engine Tier	Engine Replacement ⁸ .
Unregulated-Tier4	Yes

Table 4 Nonroad Engine Project Eligibility

- Additional restrictions: Agricultural Pumps: No funds awarded under this Program shall be used to retrofit, replace, or upgrade agricultural pumps that operate less than 250 hours per year during 2 years prior to upgrade.
- All Other Nonroad Engines: No funds awarded under this Program shall be used to retrofit, replace, or upgrade all other nonroad engines that operate less than 500 hours per year.
- Tier 3 engines now allowed for nonroad engine replacements with EPA approved best achievable technology analysis.
- Tier 4 nonroad engines/equipment can now be replaced with zero emission engines/equipment.

Locomotive and Marine Operating Hours:

Existing locomotive and marine engines must operate at least 1,000 hours/year during the two years prior to upgrade. No funds awarded under this Program shall be used to retrofit, replace, upgrade, or install idle reduction technologies locomotive or marine engines that operate less than 1,000 hours per year.

Current Engine Tier	Engine Replacement: EMY 2019+*			
	Compression Ignition		Spark Ignition	Zero Emission
	Tier 1-2	Tier 3-4		
Unregulated – Tier 2	No	No	No	Yes
Tier 3 - 4	No	No	No	Yes

Table 5 Marine Engines Funding Restrictions

Current Locomotive Tier	Locomotive Replacement or Engine Replacement:
	Zero Emission ⁶
Unregulated -Tier 3	Yes
Tier 4	No

Table 6 Locomotive Engines Funding Eligibility

⁶ Fuel cell engine and locomotive replacements are not eligible.

⁷ Eligible fuel cell projects are limited to hydrogen fuel cell equipment replacements for eligible terminal tractors/yard hostlers, stationary generators, and forklifts.

⁸ Fuel cell engine replacement is not eligible.

Match Requirements

Funds under this award cannot be used for matching funds for other state or federal grants, lobbying, or intervention in state or federal regulatory or adjudicatory proceeding and cannot be used to sue the state or federal government or any other government entity. Likewise, a recipient may not use state or federal funds as matching funds for the FY 2024 Program, federal Supplemental Environmental Project Funds, or Supplemental Environmental Projects required under a consent order.

ONLINE RESOURCES

Below are websites that provide useful information and resources to aid in the development of your grant proposal:

- EPA Diesel Emission Quantifier: [Epa.Gov/CleanDiesel/Diesel-Emissions-Quantifier-Deq](https://www.epa.gov/cleandiesel/diesel-emissions-quantifier-deq)
- EPA Clean Diesel: [Epa.Gov/CleanDiesel](https://www.epa.gov/cleandiesel).
- California Environmental Protection Agency Air Resources Board: [Arb.Ca.Gov/Diesel/Diesel](https://arb.ca.gov/diesel/diesel).
- Michigan Clean Diesel Program: [Michigan.gov/EGLECleanDiesel](https://www.michigan.gov/EGLE/CleanDiesel).