



HB 2007 – Diesel Regulations and Grants

March 9th, 2020

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HB 2007 – Diesel Regulations and Grants

SUMMARY REVIEW



The purpose of this presentation is to provide Committee Members a summary of HB 2007

Each slide will address one element of the bill and explore its impact on VW Grant Program

Bill Text:

- Language or summary from HB 2007 that regulates diesel equipment and/or informs rules

Implications for Grant Rules:

- Considerations for how the bill text will influence final VW Grant Program

Additional Considerations:

- Potential agency actions to reduce emissions, support applicants, and promote grant funding



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USES OF ENVIRONMENTAL MITIGATION TRUST AGREEMENT MONEYS

Bill Text:

- Section 1(18)
- “Retrofit” means to equip a diesel engine with new emissions-reducing parts or technology after the manufacture of the original engine **or to convert the diesel engine into an engine capable of being powered by alternative fuel. ...**

Implications for Grant Rules:

- This expands existing definition of retrofit beyond exhaust control devices
- DEQ will establish rule language that allows alternative fuel conversion projects to be funded by VW Grant funds, as permissible under environmental mitigation trust agreement and DERA program
- Maximum reimbursement amounts will be influenced by project definitions contained in environmental mitigation trust agreement and DERA programs



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USES OF ENVIRONMENTAL MITIGATION TRUST AGREEMENT MONEYS

Bill Text:

- Section 2(1)(A) & (B)
- **(A) Awarded as grants for the purpose of reducing emissions from diesel engines; or**
- **(B) Utilized by the department as the State of Oregon’s voluntary matching funds under the Diesel Emissions Reduction Act Program in the Energy Policy Act of 2005, 42 U.S.C. 16133, and for the purpose of awarding grants for reducing diesel particulate matter emissions from diesel engines.**

Implications for Grant Rules:

- Authorizes DEQ to establish the new VW Grant Program and utilize Federal DERA program guidance
- All available funds will be spent through VW Grant Program



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USES OF ENVIRONMENTAL MITIGATION TRUST AGREEMENT MONEYS

Bill Text:

- Section 2(3)(a)
- **(3) In awarding grants pursuant to subsection (1)(b) of this section, the department shall give preference to projects that will:**
- **(a) Support compliance with section 4 of this 2019 Act or with contract specifications or preferences related to emissions standards for diesel engines established by a public body, as defined in ORS 174.109;**

Implications for Grant Rules:

- DEQ will establish rule language that requires VW Grant Program applicants to verify regulatory burden when seeking preference under this section
- Diesel equipment owners that verify regulation from HB 2007 and/or new public contracting standards will be awarded preference during grant review



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USES OF ENVIRONMENTAL MITIGATION TRUST AGREEMENT MONEYS

Bill Text:

- Section 2(3)(b)
- **(3) In awarding grants pursuant to subsection (1)(b) of this section, the department shall give preference to projects that will:**
- **(b) Be carried out by a grant applicant that is a disadvantaged business enterprise, a minority-owned business, a woman-owned business, a business that a service-disabled veteran owns or an emerging small business, as those terms are defined in ORS 200.005;**

Implications for Grant Rules:

- DEQ will establish rule language that requires VW Grant Program applicants to verify business ownership when seeking preference under this section
- Diesel equipment owners that verify business ownership and match these definitions will be awarded preference during grant review



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USES OF ENVIRONMENTAL MITIGATION TRUST AGREEMENT MONEYS

Bill Text:

- Section 2(3)(c)
- **(3) In awarding grants pursuant to subsection (1)(b) of this section, the department shall give preference to projects that will:**
- **(c) Involve the replacement, repower or retrofit of one or more motor vehicles or pieces of equipment that have at least three years of remaining useful life at the time that the grant agreement is executed;**

Implications for Grant Rules:

- DEQ will establish rule language that requires VW Grant Program applicants to verify remaining useful life when seeking preference under this section
- Diesel equipment owners that verify remaining useful life of equipment and match this definition will be awarded preference during grant review
- This is an existing practice for DEQ during current VW Grant Program school bus replacement and DERA projects



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USES OF ENVIRONMENTAL MITIGATION TRUST AGREEMENT MONEYS

Bill Text:

- Section 2(3)(d)
- **(3) In awarding grants pursuant to subsection (1)(b) of this section, the department shall give preference to projects that will:**
- **(d) Support the utilization of fuels for which regulated parties may generate credits under the clean fuels program adopted by rule by the Environmental Quality Commission under ORS 468A.266 (1)(b);**

Implications for Grant Rules:

- DEQ will establish rule language that requires VW Grant Program applicants to verify utilization of low-carbon fuels, as defined by the Clean Fuels Program, for projects when seeking preference under this section
- Diesel equipment owners with project applications that verify use of low carbon fuels (such as renewable and electric) will be awarded preference during grant review



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USES OF ENVIRONMENTAL MITIGATION TRUST AGREEMENT MONEYS

Bill Text:

- Section 2(3)(e)
- **(3) In awarding grants pursuant to subsection (1)(b) of this section, the department shall give preference to projects that will:**
- **(e) Benefit owners and operators of heavy-duty trucks, if the fleet of the owner or operator includes only one heavy-duty truck and the heavy-duty truck is registered in Multnomah, Clackamas or Washington County;**

Implications for Grant Rules:

- DEQ will establish rule language that requires VW Grant Program applicants to verify total fleet size and registration address when seeking preference under this section
- Diesel equipment owners that verify and match this definition will be awarded preference during grant review



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USES OF ENVIRONMENTAL MITIGATION TRUST AGREEMENT MONEYS

Bill Text:

- Section 2(3)(f)
- **(3) In awarding grants pursuant to subsection (1)(b) of this section, the department shall give preference to projects that will:**
- **(f) Benefit small fleets other than as described in paragraph (e) of this subsection;**

Implications for Grant Rules:

- DEQ will establish a definition for “small fleets”
- DEQ will establish rule language that requires VW Grant Program applicants to verify total fleet size when seeking preference under this section
- Diesel equipment owners that verify their fleet size and match the definition will be awarded preference during grant review



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USES OF ENVIRONMENTAL MITIGATION TRUST AGREEMENT MONEYS

Bill Text:

- Section 2(3)(g)
- **(3) In awarding grants pursuant to subsection (1)(b) of this section, the department shall give preference to projects that will:**
- **(g) Involve the retrofit of concrete mixer trucks or trucks that are used for the transportation of aggregate; or**

Implications for Grant Rules:

- DEQ will establish rule language that requires VW Grant Program applicants to verify fleet vocation when seeking preference under this section
- Diesel equipment owners that verify their fleet vocation matches this definition will be awarded preference during grant review



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USES OF ENVIRONMENTAL MITIGATION TRUST AGREEMENT MONEYS

Bill Text:

- Section 2(3)(h)
- **(3) In awarding grants pursuant to subsection (1)(b) of this section, the department shall give preference to projects that will:**
- **(h) Meet the criteria of any other preferences that the commission may establish by rule, if the department determines that the additional preferences are necessary to ensure that grant awards result in the reduction of emissions from diesel engines.**

Implications for Grant Rules:

- DEQ may establish criteria for projects in support of diesel emissions reduction targets in line with existing statute and toxics reduction goals
- VW Grant Rulemaking will inform the development of additional criteria



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TITLING AND REGISTRATION OF CERTAIN VEHICLES; DIESEL ENGINE REQUIREMENTS

Bill Text: *Summary Only*

- Section 4
- Establishes deadlines, after which specific older-model diesel engines cannot be titled or registered in Clackamas, Multnomah and Washington counties. Creates exemptions. Sets first engine phase-out deadline of Jan. 1, 2023, final deadline is Jan. 1, 2029.

Implications for Grant Rules:

- DEQ will establish rule language that requires VW Grant Program applicants to verify regulatory burden when seeking funds

Additional considerations:

- DEQ will engage with regulated diesel equipment owners to promote grant funds
- DEQ will consider grant-related technical assistance needs and opportunities for regulated fleets
- DEQ will coordinate with ODOT during their development of this regulation

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VOLUNTARY EMISSIONS CONTROL LABEL PROGRAM



Bill Text: *Summary Only*

- Section 15
- EQC shall adopt rules to allow diesel equipment owners to participate in a voluntary labelling program that will demonstrate the emissions performance of non-road diesel equipment used in construction.

Implications for Grant Rules:

- No significant impact

Additional considerations:

- This program will support compliance with new HB 2007 and public agency contracting requirements
- DEQ will coordinate with program participants to promote grant opportunities and consider grant-related technical assistance needs and opportunities

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CLEAN DIESEL IN PUBLIC CONTRACTS



Bill Text: *Summary Only*

- Section 18
- HB 2007 requires the use of clean diesel technology in public works contracts by a state contracting agency with a contract value exceeding \$20M that are located in Clackamas, Multnomah and Washington counties. DEQ will develop model contract specifications by Department order.

Implications for Grant Rules:

- DEQ will establish rule language that requires VW Grant Program applicants to verify regulatory burden when seeking preference under this section
- Diesel equipment owners that verify regulation from HB 2007 and/or new public contracting standards will be awarded preference during grant review



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SUPPORTING BUSINESSES IN REDUCING DIESEL EMISSIONS TASK FORCE

Bill Text: *Summary Only*

- Section 19
- HB 2007 establishes a legislative task force to examine public funding strategies for supporting businesses in reducing diesel emissions through incentives to encourage retrofit, repower, and replacement of older diesel engines. DEQ is obligated to support the work of the task force through participation and technical assistance.

Implications for Grant Rules:

- No significant impact

Additional considerations:

- This effort may recommend state funding for reducing diesel emissions
- DEQ will provide ongoing information regarding VW Grant Program development to Task Force

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Implications for grant rules across all project types and applications



Considerations for Grant Rulemaking		
Outreach and accessibility	Prevent fraud, waste, and abuse	Maximize emissions benefits
Regulated fleet notification	Verification of information in applications	Quantification of emissions reductions
MWD/ESB and COBID certification	Length of equipment usage in Oregon	Cost effectiveness of proposed projects
Technical assistance	Amount of annual usage	Population impact
Grant writing capacity	Ownership of equipment	Scope of total projects with available funds
Outreach and recruitment	Determine future usage in Oregon	Leverage with additional sources of funding
Trade association engagement	Require multiple bids for projects	Determine use of verified of retrofit technology
Partnerships with public agencies	Verify fleet vocation	Others as identified during rulemaking
Definition of small fleets	Others as identified during rulemaking	
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