



Office of Environmental Education Response to Early Stakeholder Comments

Rule: Alternative Fuel Vehicle Grant Program

Agency Contact for this Package

Division Contact: Carolyn Watkins, Office of Environmental Education, (614) 644-3768,
Carolyn.Watkins@epa.ohio.gov

New legislation passed by the Ohio General Assembly in 2016 requires Ohio EPA to adopt rules for administration of an alternative fuel vehicle (AFV) conversion grant program. Ohio EPA circulated an early stakeholder outreach fact sheet in February 2017 to ensure stakeholders are brought into the rule development process as early as possible and to obtain additional input and discussion before development of interested party draft rules. This document summarizes the comments received in response to questions Ohio EPA posed in the fact sheet during the comment period, which ended on March 15, 2017. Ohio EPA reviewed and considered all comments received during the early stakeholder outreach period. By law, Ohio EPA has authority to consider specific issues related to protection of the environment and public health.

In an effort to help you review this document, the questions are grouped by topic and organized in a consistent format. The name of the commenter follows the comment in parentheses.

General/Overall Concerns

Comment 1: 11 comments received were supportive of the program, with six indicating support for natural gas vehicles, one for propane, and two for dual fuel vehicles that can operate on diesel or alternative fuels. Three comments supported expanding the program to fund electric vehicles, hydrogen fuel cell vehicles and biodiesel fueled vehicles.

Response 1: The statute (Ohio Revised Code Section 122.076) limits funding to alternative fuel vehicles that run on compressed natural gas, liquid natural gas, or liquid petroleum, including bi-fueled or dual-fueled vehicles with a motor that can run on both alternative fuel and on gasoline or diesel fuel.

Comment 2: Three comments expressed support for funding school buses and transit buses.

Response 2: The statute limits funding to alternative fuel vehicles that have a gross vehicle rating of at least twenty-six thousand pounds, used for business purposes. School and transit buses are not excluded, though many school buses will fall below the weight threshold.

- Comment 3:** **“MORPC...recommends a stronger preference towards applicants with fleets operating in non-attainment or priority areas in the State of Ohio for criteria pollutants, which are most harmful to human health.” (William Murdock, Mid Ohio Regional Planning Commission, with a similar suggestion from Todd Mouw, Roush Clean Tech).**
- Response 3:** The statute limits funding to vehicles registered in the state, and requires grant recipients to attest that of the total number of miles that the recipient will drive the alternate fuel vehicle, over half will be in the state. Further geographic restrictions are not authorized in the statute.
- Comment 4:** **“The grantee should be required to deploy the NGV & submit the reimbursement paperwork within one year of the date that Ohio EPA approves the application. If the fleet is unable to do this, their grant should be terminated and the funds returned back to the pot and awarded to the next eligible grantee. A waitlist should be created for applications that are received after the \$5M is allocated in case previously committed funds become available.” (Brett Barry, Clean Energy Fuels)**
- Response 4:** Ohio EPA believes this is a reasonable approach, though a shorter timeline of six to nine months may be desirable.
- Comment 5:** **“Because of the limited scope and timeframe of the Alternative Fuel Vehicle Conversion Grant Program, the Ohio EPA should create a streamlined application process that focuses on simplicity and ease while continuing to properly evaluate proposed costs. The application should focus only on the necessary information outlined in Ohio Revised Code Chapter 122.076. All information should be collected in a straightforward manner as not to confuse applicants or require excessive and arduous information.” (Matthew White, IGS Energy)**
- Response 5:** Ohio EPA agrees with the comment.
- Comment 6:** **“We believe that any grant program should include a reporting requirement to ensure use of the alternative fuel systems so that the State gets the maximum clean air benefit of their adoption. In APGs dual fuel case, we have recommended to other agencies that the grantee be required to submit quarterly reports on vehicle mileage, fuel purchases/consumption, and percentage of operations on dual fuel pulled from our electronic control module data. Those records are already routinely collected by trucking fleets and do not present a large reporting burden on the grantee.” (Dan Goodwin, American Power Group)**

- Response 6:** Ohio EPA agrees that this would be useful information, but we do not believe that all prospective applicants and technologies would be able to easily provide this information. We do not believe that the AFV program statute authorizes the Agency to require quarterly reports from grantees.
- Comment 7:** **“Ohio EPA should maintain an up to date list on their website showing applications received, their status and the amount of funding that is available at any given time. This provides transparency and allows fleets to see the status of their request without having to bother Ohio EPA Staff. Florida does this with their [NGV program](#) and it works very well.” (Brett Barry, Clean Energy Fuels)**
- Response 7:** Ohio EPA agrees with the comment and is considering Florida’s grant application form as a model for this program, along with Pennsylvania’s.
- Comment 8:** **“Ohio Should Offer Sector-Specific Funds. We recommend that Ohio segment the \$5 million program into the following categories: school bus, transit, freight/delivery, construction/materials, and refuse/recycling. Adoption of alternative fuels across a diverse array of vehicles will help lay the foundation for larger future deployments. Ohio can use these funds to increase public exposure to alternative fuel vehicles, which will in turn increase driver training, public education and promotional opportunities...Ohio EPA employed a similar strategy in previous rounds of the Diesel Emission Reduction Grant Program...” (Todd Mouw, ROUSH Clean Tech)**
- Response 8:** Ohio EPA has been actively encouraging applications from all these categories in conversations with stakeholders, and will advertise the program widely to associations representing them as well as the Agency’s Interested Party list when the draft rules are circulated and again before the Request for Proposals is posted. Ohio EPA and ODOT have used a segmented sector approach in the DERG program that is funded with Federal Highway Administration CMAQ dollars, consistent with the guidance applicable to that program. We do not believe the AFV statute authorizes Ohio EPA to allocate the state funds proportionally to specific sectors. Because this is a one-time grant opportunity under current statute, we are proposing to award funds on a first-come, first-served basis to applications deemed to be eligible.
- Comment 9:** **“Ohio Should Prioritize Projects that will Deliver Immediate Results...Propane school buses...” (Todd Mouw, ROUSH Clean Tech)**
- Response 9:** Propane school buses will be eligible if they have a gross vehicle rating of at least twenty-six thousand pounds.

Comment 10: “Ohio Should Provide Advance Notice of the First-Come, First-Served Program. We appreciate that Ohio EPA intends to award grants on a first-come, first-served basis in order to reduce the administrative burden of managing the RFP. In doing so, we request that Ohio EPA continue its proactive approach to stakeholder outreach and provide the public with advance notice of the exact date and time of the opening of the online application portal. We further request that Ohio EPA make all parties aware, prior to the opening of the portal, of the specific information and data needed in order to submit a complete application.”

Response 10: Ohio EPA agrees, and intends to do so. A draft of the application form will be circulated with the Interested Party draft of the rules, and the final application form and deadline data will be posted online and publicized widely prior to opening the RFP.

Comment 11: “The \$25,000 limit per vehicle seems inadequate for some applications. Buy America compliant transit equipment in classes 7 and 8 equipment for alternative fuel technology required by this program ranges from \$450K to nearly \$750K per unit depending on application...The proposed eligible benefit for this program is less than 5% of the per vehicle purchase. Even if the maximum per grantee award is held at \$400K, a 50% cap would provide much more value and benefit. Recommend eliminating \$25,000 per vehicle cap.” (Matthew M. Dutkevica, Butler County Regional Transit Authority)

Response 11: The \$25,000 cap is a statutory requirement.

Comment 12: *(Note this comment was received in June, 2016, before the current version of the legislation had taken effect)* “There should be caps by weight class. Trucks in classes 6 and 7 (trash, cement, beverage delivery, others): \$17,000 maximum. Class 8 over the road trucks: \$25,000 maximum. There should be different caps for dual fuel vehicles. This should be 30-60% of the cap amount of dedicated vehicles. Dual-fuel refers to diesel vehicles modified to run on a blend of natural gas and diesel, or propane and diesel. Typically, once modified, dual-fuel CNG vehicles operate on between 50-70% natural gas while propane dual fuel operate on about 35% propane. It’s important to pick the right duty cycle that features steady high RPM and low idle time. Proposed dual fuel projects should be properly vetted by someone with technical qualification before being funded.

“Vehicles must pass muster for the type of drive cycle, age of vehicle, etc...The invoice needs to clearly show the alternative fuel system broken out so that can be scrutinized. Someone with expertise would be able to determine whether the estimate is in line

with costs for these systems. Much of this will be driven by the size of the tank package needed on the vehicle. Those with smaller tank packages should be less expensive and the state should reserve the right to make a lower award to these projects in order to stretch limited state funding.” (Sam Spofforth, Clean Fuels Ohio)

Response 12: We do not believe the AFV statute authorizes Ohio EPA to use a different funding formula for different categories of vehicles. Because this is a one-time grant opportunity under current statute, and because the statute includes a per-vehicle cap of \$25,000, we are proposing to award funds on a first-come, first-served basis to applications deemed to be eligible.

Comment 13: **“Applicants should be required to provide their refueling plan for their alternative fuel vehicles. This might include identifying an existing location(s) and/or describing plans for new facilities that will be developed and used.” (Sam Spofforth, Clean Fuels Ohio)**

Response 13: Ohio EPA may include a question in the grant application asking about the local availability of fueling infrastructure.

Comment 14: ***(Note this comment was received in June, 2016, before the current version of the legislation had taken effect)* “Once rules are finalized and application materials and information is developed, Ohio EPA should publish a notice of intent (NOI) to issue the solicitation by a date certain, approximately 30 days in advance. The NOI should spell out the full rules, funding amount, eligibility criteria, and evaluation criteria. Then, the solicitation should be published with applications to be accepted within a 14 day application window. If the amount requested does not exceed the \$5 million in available funds, the Ohio EPA should keep the program open and continue to accept and review applications and make awards to those eligible on an ongoing basis. If applications for more than the \$5 million in available funding are made, the Ohio EPA should use the following criteria and formula to make awards to all eligible applicants:**

- **Approximately 65% of award funds should be made to class 8 Fleets**
- **Approximately 35% of award funds should be made to class 6 and 7 fleets**
- **These percentages should not be binding, just guidance.**
- **The agency should seek to achieve some level of balance geographically and in terms of fleet types – government vs. private, vocational type, over the road and so forth**
- **Otherwise, the single determining criteria for awards should be amount of petroleum fuel displaced per government grant dollar requested.**

The Department should have the ability to offer less than full funding if that helps stretch available grant dollars.” (Sam Spofforth, Clean Fuels Ohio)

Response 14: Ohio EPA agrees with the spirit of the comment to provide ample advance notice of the funding opportunity. We intend to publish a date and time when applications will first be accepted, and continue to accept applications until applications totaling more than the available \$5 million have been determined to be eligible. We will post timely updates to the program website as to the number of applications received and total amount requested. Because this is a one-time grant opportunity under current statute, we are proposing to award funds on a first-come, first-served basis to applications deemed to be eligible. We do not believe the AFV statute authorizes Ohio EPA to differentiate among vehicles by size in allocating funds. Vehicles under 26,000 pounds (Class 6 and under) are not eligible for funding under AFV statute as passed.

Comments addressing Ohio EPA’s proposal to decline to fund applications that include a price quote more than 30% higher than advertised prices for comparable vehicles or equipment, or the average price quote submitted by other AFV grant applicants.

Comment 15: “IGS believes it is reasonable to reserve the right to deny funds for applications requesting funds for projects greater than 30% above advertised or comparable prices. By denying applications with prices that exceed market costs, the available funds will stretch over a great number of recipients, creating a larger net benefit for the citizens of Ohio.” (Matthew White, IGS Energy)

Comment 16: “While we do not disagree with the intent, enforcement would be confusing and complicated. The Ohio EPA would have major challenges collecting the ‘advertised price’ for every vehicle make and model which can vary drastically depending on vehicle configurations. The cap currently in the grant program of \$25,000 per vehicle already provides a certain level of protection without a major administrative burden.” (Brett Barry, Clean Energy Fuels)

Response 15 & 16: Ohio EPA reviewed some recent price quotes submitted by applicants to the Diesel Emission Reduction Grant (DERG) program for projects that would be eligible under the new AFV program. We found that specific vehicle configurations do indeed make it difficult to compare pricing across the board. We agree with Comment 12 and hope that the large number of applications likely to be received and the \$25,000 cap per vehicle will help to prevent price quotes that exceed market costs.

Comments on the proposed program's positive impacts on business

- Comment 17:** “Yes, increasing the number of Compressed Natural Gas (‘CNG’) vehicles on the roads across Ohio would have both a positive impact on our business and a positive impact on all Ohioans. Not only is natural gas a cleaner vehicle fuel when compared to traditional unleaded gasoline or diesel, in many cases natural gas is produced in the region which promotes jobs in numerous fields. Increasing the number of CNG vehicles in Ohio makes investing in additional CNG station infrastructure much more justifiable. CNG provides another great use for a fuel produced domestically, and provides cleaner and reliable transportation while also promoting increased private investment in infrastructure which will continue to push the adoption rate of CNG vehicle technology upwards.” (Matthew White, IGS Energy)
- Comment 18:** “This grant program would have an immensely positive impact on APGs Midwest-based (Iowa) business. The potential modest investment in reducing the capital needed to convert existing polluting diesel engines to our dual fuel system helps to lessen the impact on the alternative fuel industry of today’s low, low diesel prices. By supporting our business, Ohio would be supporting the increased consumption of domestically-produced, clean-burning natural gas and increase consumer confidence in the durability and profitability of using natural gas instead of imported diesel. Ohio would also be giving independent owner-operators a low cost method to improve their sustainability profile in addition to their profitability.” (Dan Goodwin, American Power Group Inc)
- Comment 19:** “The conversion to dual fuel reduces emissions, NOX and uses approx.. 50% less diesel fuel. Our business is headquartered in Columbus, Ohio and benefits greatly from these grants as we have several business weighing the benefits of the clean fuels technologies, these grants assist in getting the ROI required for a business deciding to move forward with CNG/LNG engine conversions.” (Chris Emery, W.W. Williams)
- Comment 20:** “The refuse industry is a perfect industry for natural gas trucks since they run similar routes each day and always return to the same spot. Transitioning to a natural gas fleet requires significant capital investment – over \$300,000 per truck and \$1.5 - \$3.0 million per station. This investment results in significant reduction in NOx...as well as GHG emissions. Natural gas trucks are a proven technology with quantifiable environmental benefits. WM has the largest industrial fleet of natural gas trucks – many of these trucks are the result of state grants and incentives. We have a significant opportunity in Ohio to make a real impact in reducing NOx, as well as

the associated “free” GHG emissions reductions, in the state. We have focused much of investment in areas with incentives, which means we have a long way to go in Ohio...WM has 169 NGVs in Ohio – but we have 300 diesel trucks still to be replaced. The diesel trucks are an older fleet (and thus higher emissions) because we are investing in natural gas trucks in areas with incentives. This means that there is a significant opportunity for reduced emissions in Ohio.” (Kathy Trent, Waste Management, from comments received on the VW funding opportunity)

Comments on the proposed program’s adverse impacts on business

Comment 21: “The Alternative Fuel Vehicle Conversion Grant Program would not have an adverse impact on the business of IGS or any of its’ affiliates.” (Matthew White, IGS Energy)

Comments on the future of the program

Comment 22: “Like any program with so many potential positive benefits, we would encourage Ohio EPA Staff to continue to encourage the State to appropriate additional funds in addition to the initial \$5 million. There were an estimated 140,000 heavy-duty class 8 trucks operating in Ohio as of the latest available data (2015). That does not include Class 6/7 vehicles such as transit buses and refuse trucks. It is highly likely that the suggested program will be oversubscribed from its inception, leaving many eligible candidates unable to convert their fleet to a cleaner, more sustainable alternative fuel. Extending this program’s funding will only extend the benefits to residents of Ohio in terms of cleaner air, cleaner water, and a reduced use of foreign-sourced diesel fuel.”

Response 17-21: Ohio EPA appreciates the support expressed for this program, and will evaluate the initial demand and the ongoing need in conjunction with other available programs and funding sources, in developing policy and legislative recommendations.

End of Response to Comments