

Fiscal Year 2018-2019 Diesel Filter Replacement Project Applicant Teleconference Questions and Responses

On February 28, 2019, the California Air Resources Board (CARB or Board) staff held an Applicant Teleconference to answer questions regarding the Fiscal Year (FY) 2018-2019 Diesel Filter Replacement Project Solicitation. This document provides staff's responses to both the questions received via email before the Applicant Teleconference and the questions asked during the Applicant Teleconference. Staff encourages applicants to read this document and consider the responses when developing their applications. The following written responses take precedence over any verbal responses provided at the Applicant Teleconference.

Question 1 (received via email):

What are the basic target dates for implementation that CARB will give to the Grantee? Will it be as soon as the end of the second quarter in 2019 or pushed out to 2020 for implementation?

Staff Response:

The *Solicitation* target dates are outlined in Table 1, with individual projects commencing by mid-summer of 2019. Funding must be fully disbursed and funds liquidated by June 30, 2021, although staff anticipates the program may proceed more rapidly than the final deadlines.

Table 1 - Program Development and Implementation Timeline

Action Item	Date
Selection of Grantee	March 2019
Work group process to finalize the Implementation Manual	April 2019
Grantee, in collaboration with ESW Cleantech and CARB, develops streamlined Diesel Filter Replacement application, per the Implementation	May 2019
FY 2018-19 Diesel Filter Replacement funding is available to award to eligible Diesel Filter Replacement Projects. Installations proceed.	June 2019

Project implementation concludes	December 2020
Final Report and final disbursement requests submitted	March 31, 2021
All funds program funds liquidated	June 30, 2021

Question 2 (received at applicant teleconference):

To whom is the application open?

Staff Response:

The application for a program administrator (referred to as the Grantee in the Solicitation) is open to, federal, State, or local government entities or agencies, and nonprofit organizations with at least one office located in California, that have IRS tax-exempt 501 (C)(3) status, and are also tax exempt under California state law. Applicants must demonstrate their expertise and experience with heavy-duty vehicle regulations and programs, vehicle incentive projects, or air quality expertise. See the *Solicitation*, Section V.

The Grantee, in conjunction with CARB and stakeholders, will conduct the public workgroup process to finalize the Program Implementation Manual, which will determine final eligibility criteria and priority of potential funding recipients. Eligibility criteria may include, but not be limited to, age of the vehicle, whether the vehicle is subject to any upcoming regulatory requirements, compliance status, type of operations, whether the vehicle is eligible for substrate replacement or full diesel PM filter replacement, location or operation in disadvantaged or low-income communities, and cost-benefit effectiveness.

Question 3 (received via email):

The grant solicitation includes Scope of Work requirements that a pre-assessment of candidate vehicles with Longmile systems be completed. If the results of the pre-assessment concludes that a Longmile-S substrate replacement kit is not appropriate, would a CARB Verified level-three diesel emission control strategy (DECS of PM filter) be selected to replace the DECS as a whole and how would a replacement device be selected?

Staff Response:

Should the pre-inspection check and data analysis conclude that a filter substrate replacement kit is not appropriate, the PM filter could be replaced with an appropriate verified PM filter - consistent with the Program Implementation Manual and any requisite approvals. All new PM filter installations would have to comply with all requirements of the Verification Procedure, Title 13, Section 2700 et seq. and the devices' respective Executive Order.

Question 4 (received via email):

Would existing PM filter installers be allowed to compete for the sale and installation of the replacement DECS, such as through a bidding process, or would ESW CleanTech complete all installations? Are there guidelines in place to prevent any conflict of interest on behalf of ESW CleanTech in the selection of the replacement DECS?

Staff Response:

Staff anticipate that ESW CleanTech will be the sole contractor with the program Grantee for several significant reasons.

ESW Cleantech is the sole provider of the replacement substrates and are the only company permitted to modify the existing systems, per the Verification Procedure. In addition, they are familiar with the Cleaire equipment, installations and verification requirements, and are the only ones capable of analyzing the onboard data.

The solicitation envisions that the Grantee will contract with ESW Cleantech to contact, arrange and perform a pre-inspection and data logging check of each potentially eligible vehicle. This would involve a significant amount of time and effort. Referring projects that require a new PM filter to another filter manufacturer/vendor would require a significant amount of duplicative work to determine filter appropriateness, thus adding to program complexity, costs and time to the process.

The Program Implementation Manual will outline the program requirements that ESW Cleantech must meet for each project and the Grantee is required to ensure compliance with all requirements before

authorizing payment. The Implementation Manual will also include maximum Payment Authorization Limits for each project (to be finalized through the public workgroup process) and any variance from the limit or new PM filter would require pre-approval. Substrate replacements have priority over system replacements because of the superior emission reduction cost-effectiveness.

In addition, Staff believes requiring the Grantee to design a process to solicit third party PM filter manufactures/vendors after substantial work is complete is not feasible given the very limited administrative budget for the program, which necessitates a streamlined administration approach to ensure maximum on-the-ground air pollution reductions.

Question 5 (received at applicant teleconference)

How far out will surplus emissions need to be for a project to qualify?

Staff Response:

The Grantee, in conjunction with CARB and stakeholders, will conduct the public workgroup process to finalize the Program Implementation Manual, which will determine final eligibility criteria and priority of potential funding recipients, including lead times for surplus emissions.

Question 6 (received at applicant teleconference):

How does the Lawson lawsuit affect vehicles with the recalled Longmile filter? Will fleets that previously received an enforcement stay relieving them from replacing the recalled filters still be exempt? Will they be required to take advantage of the program?

Staff Response:

The Lawson Lawsuit voided the Truck and Bus Rule's 2014 Amendments, which included provisions for recalled PM filters. Due to the court order resulting from the lawsuit, previous enforcement stay notices sent out in 2017 are no longer valid. Notifications will be sent out soon advising

impacted fleets (Truck & Bus, Public Agency & Utility and Solid Waste Collection Vehicle rules) of the enforcement stay retraction.

Participation the in the Diesel Filter Replacement Program is optional for fleets with eligible vehicles.

Question 7 (received at applicant teleconference):

Will there be outreach to fleets with potential participant vehicles?

Staff Response:

Yes. During solicitation development, CARB staff spoke with administrators from the previous recalled filter replacement programs (Proposition 1B and School Bus) and received feedback regarding the importance to clarify outreach roles. The draft Solicitation documents conceptualize ESW CleanTech performing all outreach to potential participants, although final requirements will be determined in the Implementation Manual during the workgroup process. Staff anticipates outreach would include a combination of communication pathways including letters, phone calls and emails to potential fleets.