

Medium and Heavy-Duty Zero Emission Vehicle Fleet Pilot Grant Program Guidelines

For Fleets of Class 4-8 Local Freight and Port Drayage Trucks

A Driving PA Forward Funding Program



pennsylvania

DEPARTMENT OF ENVIRONMENTAL
PROTECTION

Tom Wolf
Governor

Ramez Ziadeh
Acting Secretary

Calendar Years (CY) 2022 - 2023

Commonwealth of Pennsylvania Equity Statement

The Department of Environmental Protection values working with partners who share our view that diversity and equity are integral to success in restoring and protecting the environment for all Pennsylvanians. As we work to demonstrably improve the inclusivity of our programs and processes, we also encourage our partners to pursue increased inclusivity in their operations. In this way, Pennsylvania's natural resources are best protected as "the common property of all the people," as identified in our state constitution.

Important Information

Project Funding – Up to \$13.0 million from the Volkswagen Settlement is available for award in this solicitation. Additional Driving PA Forward funds may be made available, depending on initial Program demand.

Project Period – The project period will begin upon notification of award and end four years later. The project period will include up to two years for vehicle purchase and delivery followed by two years of performance data reporting. Extension requests will be evaluated on a case-by-case basis by DEP.

Submission Format – The application is available online through the Department of Community and Economic Development’s (DCED) Electronic Single Application website, eGrants, at <https://www.esa.dced.state.pa.us/Login.aspx>. Paper and faxed copies will not be accepted.

Application Submission Period – Medium and Heavy-Duty Zero Emission Vehicle Pilot Grant application submission period will begin upon public notice of availability and will remain open until the application submission deadline at midnight (EST) on March 1, 2023. DEP will review and score applications after the submission period ends.

Application Scoring – A description of the application scoring process and the application scoring criteria are included in this document.

Webinar – A recorded presentation providing an overview of the program will be available on PA DEP’s Driving PA Forward website under the ‘Medium and Heavy-Duty Zero Emission Vehicle Pilot’ heading during the application period. See Section VII.

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I. Funding Opportunity Description

A. Background

Beginning in 2018, Pennsylvania offers several financial incentive programs under the Driving PA Forward Initiative with the main goals of improving air quality in the Commonwealth and driving transformation of PA's fleets of medium and heavy duty vehicles, equipment, and vessels away from older, high-polluting diesel engines towards cleaner transportation technologies, such as modern clean diesel, alternative fuel, battery electric, and hybrid technologies. These incentive programs include competitive grants and rebates to fund Eligible Mitigation Actions (EMAs) in the transportation and cargo and freight handling sectors using Pennsylvania's \$118.5 million allocation from the State Mitigation Trust, resulting from the emissions cheating lawsuit settlement.¹

The Driving PA Forward Initiative resulted in substantial investments in clean transportation technologies across Pennsylvania, funding replacements of over 950 older, diesel-powered, on-road and non-road vehicles and equipment: medium- and heavy-duty freight trucks; school buses; transit buses; port cargo handling equipment; switcher locomotives; and tugboats (repower). Additionally, the Initiative funded 1,500 new electric vehicle (EV) charging plugs, to build up PA's EV charging infrastructure and provide EV owners travelling through the Commonwealth with a reliable network of conveniently located charging stations.

This Medium and Heavy Duty – Zero Emission Vehicle (MHD-ZEV) Fleet Pilot Grant Program will build on the success of Driving PA Forward by focusing on funding replacements of diesel-powered, Class 4 to 8, on-road fleet vehicles - with zero-emission fleet vehicles. In addition to the NOx reduction goals of previous Driving PA Forward funding programs, the fundamental objective of the MHD-ZEV Pilot Grant Program (Program) is to demonstrate and verify MHD-ZEVs' performance in real-world fleet applications. By demonstrating the benefits of owning and operating MHD-ZEVs, this Program will provide valuable insight to fleet owners/operators in PA who may be considering ZEV replacements in their own fleets.

An essential component of this Program is a focus on environmental mitigation for the most underserved and disproportionately affected communities in Pennsylvania - to award most, if not all the available funding to those projects which operate MHD diesel fleets in or around Environmental Justice communities. While, these projects will actively demonstrate emerging ZEV technologies, the technical and economic performance data collected and publicly shared will provide PA fleet managers and other stakeholders with vital,

¹ A \$2.866 billion environmental mitigation trust (State Mitigation Trust) was established by the Environmental Mitigation Trust Agreement for State Beneficiaries filed by the United States (U.S.) Department of Justice, with the U.S. District Court for the Northern District of California on October 2, 2017, in the case, *In Re: Volkswagen "Clean Diesel" Marketing, Sales Practices, and Products Liability Litigation* (No. 3:15-md-02672-CRB (N.D. Cal.), MDL No. 2672). Additional information about the case and the settlement are available on DEP's website.

operational information to help them develop their own ZEV fleet upgrade projects, especially considering the ever-growing list of commercially available MHD ZEVs.

B. Scope of Work

The primary goal of the Medium and Heavy-Duty Zero Emission Vehicle Pilot (“MHD-ZEV”) is to improve the Commonwealth’s air quality by reducing NO_x emissions from Class 4-8 trucks while driving the transformation from older, polluting diesel engines to cleaner transportation technologies. See full eligibility information for applicants and projects in Section III.

II. Award Information

A. Available Funding

Up to \$13.0 million in funding is available for the calendar years (CY) 2022-2023 program. More funding may become available if demand for this program is high. There is neither a maximum award per project nor per applicant. DEP may award funds to a single project or multiple projects. DEP may offer less project funding than requested by an application at its discretion. If multiple projects are awarded, DEP may choose to only award one project for a given vehicle class and/or vehicle use type to ensure that a variety of types and uses of vehicles are selected. Preference will be given to projects that provide clear benefits to Environmental Justice areas.

B. Project Period

The project period will begin upon notification of award and end 4 years later. The project period will include up to two years for vehicle purchase and delivery followed by two years of performance data reporting. Extension requests will be evaluated on a case-by-case basis by DEP. ***Any applicant who begins a project and incurs costs before receiving a notification of award and subsequent executed grant agreement does so with the understanding that the costs may not be reimbursed.***

C. Funding Type

The MHD-ZEV Fleet Pilot Grant Program is offering funding as a reimbursement grant program. This means a grantee will pay all project costs and submit proof that project invoices have been paid, proof of project work completion, and proof of scrappage prior to submission of, or with a reimbursement request to DEP. If approved, DEP will request reimbursement funds from the Trustee of the Volkswagen settlement funds (Wilmington Trust) for payment to the Grantee by the Commonwealth.

Please note that this payment process may take up to four to six months before the grantee receives a reimbursement payment. DEP will not approve reimbursement requests for unpaid invoices. Detailed reimbursement request requirements and submission instructions will be included with the executed grant agreement for successful applicants.

D. Technology Compatibility

Limited technology changes may be allowed after a project has been selected for funding but is subject to prior DEP approval. If technology compatibility issues arise, DEP will review

and consider requested technology changes. Any technology changes made without DEP approval may result in DEP terminating the grant agreement at which time any funding received by the grantee may be required to be returned to DEP.

III. Eligibility Information

A. Eligible Applicants

Organizations that own or operate eligible Class 4-8 trucks registered or having an apportioned registration in Pennsylvania and operating predominately in the state may apply to the MHD-ZEV. Drayage trucks that do not require PA registration are exempt from the registration requirement. Such vehicles must operate predominantly within Pennsylvania to be eligible. See the glossary for definitions. Eligible applicants include a/an:

1. Business
2. Incorporated Nonprofit
3. State, Local, or Tribal Government Agency
4. Air Quality or Transportation Organization
5. Metropolitan or Rural/Regional Transportation Planning Organization
6. Federal Government Agency

A leasing company (Lessor) is eligible if the vehicles purchased with grant funds are to be leased to another eligible entity (Lessee) that will meet all operational, reporting, and other applicable requirements. The Lessor will maintain responsibility for all recordkeeping and reporting requirements. The lease agreement must include all commitments needed from the Lessee to ensure that all operational and reporting requirements will be met. DEP reserves the right to review lease agreements to confirm appropriate disclosures are included.

Eligible applicants, or the entities they represent, including lessees, must have a physical location or base of operations located within the boundaries of Pennsylvania, from which the vehicles proposed for replacement operate.

B. Pre-Application Meeting Requirement

Organizations are required to participate in a virtual pre-application meeting with DEP staff before they submit a project application. Pre-application meetings must be requested by calling 717-787-9495 or emailing RA-EPVWMITIGATION@pa.gov by February 19, 2023, or ten business days before the application submission period closes. DEP will try to accommodate any pre-application meeting requests made after this date but cannot guarantee schedule availability. Organizations that apply for funding without first participating in a pre-application meeting may not be considered for funding.

C. Ineligible Applicants

1. Businesses not incorporated in or registered with the Pennsylvania Department of State, Bureau of Corporations and Charitable Organizations, to do business in the Commonwealth.
2. Individuals applying as individuals, not on behalf of an eligible applicant. Please note sole proprietors are eligible to apply as a business.

D. Eligible Projects

Proposed projects must meet the following criteria to be eligible. See the glossary for definitions.

1. Projects must include the replacement of eligible Class 4-8 diesel trucks, with new zero emission vehicles of the same type and class.
2. Proposed zero emission vehicles must be intended for vehicle operations predominantly in Pennsylvania, which is defined as more than half of vehicles miles or hours occurring within Pennsylvania.
3. At minimum, projects must include replacements for at least five (5) diesel-powered on-road, medium and/or heavy-duty trucks, OR 20% of the applicant's fleet -whichever is lesser. No project may propose fewer than three (3) vehicle replacements.
4. Projects must propose vehicle technology with a potential path to commercial viability without continued public funding.
5. Proposed projects will be required to provide detailed data and information following vehicle purchases. Please see Section V for more information regarding reporting requirements.
6. Projects may include leased vehicles. In this case, the owner of the vehicles (the Lessor) must be the applicant and, if awarded, will be the recipient of grant funds. Reimbursements will be paid for the purchase of the project ZEVs. Lease payments are not eligible for reimbursement under this program.

E. Eligible Diesel Vehicles for Replacement

Only Class 4-8 Local Freight Trucks with Engine MY 1992-2009 are eligible for replacement under the MHD-ZEV Pilot program. Proposed project vehicles must be scrapped and replaced with comparable ZEVs of the same Gross Vehicle Weight Rating (GVWR) class to be eligible, and the replacement ZEV must be designed to perform similar operations as the diesel vehicle it's replacing. See Section IX: Glossary for definitions and examples of the types of diesel trucks eligible to be replaced.

Additional eligibility requirements include:

1. Project vehicles must be registered (full or apportioned) in Pennsylvania at the time of application. See Section IX: Glossary for a definition of apportioned registration.
2. Project vehicles must be fully operational and must operate predominately in the Commonwealth at the time of application. Operating predominately in Pennsylvania means that greater than 50 percent of a vehicle's annual operating time or greater than 50 percent of a vehicle's mileage must occur within the boundaries of Pennsylvania.
3. If an applicant doesn't currently own an eligible diesel vehicle for replacement, an eligible vehicle from a third party may be procured to meet the scrappage requirements identified in Section IV.

Procurement (trades and purchases) of eligible project vehicles from third parties operating within PA is permitted under this Program. Applicants must ensure that any third party-acquired project vehicle meets all program eligibility requirements listed above. Applicants proposing to utilize project vehicles acquired from third parties in their pilot project must provide a detailed description in their scrappage plan at the time of

application, including letters of intent to sell or commitment, or a bill of sale from the third party.

4. Fleet Expansion and Replacement Criteria

- a. No funds awarded under this program may be used for the purchase of vehicles to expand a fleet.
- b. Replacement projects are eligible for funding on the condition that the following criteria are satisfied:
 - i. The vehicle must be fully operational and in current, regular service.
 - ii. The replacement vehicle will continue to perform similar function and operation as the vehicle that is being replaced.
 - iii. The replacement vehicle will be of similar type and gross vehicle weight rating or horsepower as the vehicle being replaced.
 - 1) The replacement vehicle must not be in a larger GVWR class than the existing vehicle (Class 4, 5, 6, 7, or 8).

F. Ineligible Project Types

The following are ineligible projects types:

1. Engine replacement and repowering projects.
2. Projects to replace transit buses, shuttle buses, or school buses.
3. Projects already completed or started prior to applying to DEP. This includes new vehicle purchases.
4. Projects with vehicles physically located outside of Pennsylvania.
5. Projects to repair, salvage, or replace one or more vehicles that are disabled, damaged, or unable to perform their designed purpose.
6. Projects that were previously funded by a different state or federally funded grant program.
7. Projects replacing vehicles powered by a fuel type other than diesel.
8. Projects that expand an existing fleet.
9. Projects with no measurable environmental net benefit for the Commonwealth.

G. Funding Restrictions

No funds awarded under the MHD-ZEV Pilot Grant Program may be used:

1. For lobbying, or intervention in local, state, or federal regulatory or adjudicatory proceedings, and cannot be used to sue the Commonwealth of Pennsylvania or any other government entity.
2. To cover expenses incurred prior to the project period set forth in any grant agreement funded by the MHD-ZEV Pilot Grant Program. Additionally, expenses incurred prior to the project period set forth in any grant agreement resulting from this project solicitation are not eligible as a cost-share for proposed projects.
3. To prepare the MHD-ZEV grant application.
4. For vehicle title, registration, and inspection fees, permit fees, or any other fees not approved by DEP in writing.
5. For administrative costs.

IV. Cost Share, Eligible Project Costs and Scrappage Requirements

The following section identifies the mandatory cost share requirements, specifically the project costs DEP will reimburse and the project costs that are the responsibility of the applicant. This section also discusses scrappage requirements.

A. Cost-Share

1. Non-government applicants may be reimbursed for up to 75% of eligible project costs.
2. Government applicants may be reimbursed for up to 90% of eligible project costs
3. Act 47 municipalities may be reimbursed for up to 100% of eligible project costs. Preference will be given to applicants that are approved distressed municipalities under Act 47, Financially Distressed Municipalities Act of 1987. Such municipality must be identified on DCED’s webpage <https://dced.pa.gov/local-government/act-47-financial-distress/> for funding and scoring benefits.

Table: Maximum Reimbursement Rates for Medium- and Heavy-Duty ZEV purchases and Charging/Fueling Infrastructure Installation Costs

Applicant Type	Maximum DEP Grant Funding	Minimum Applicant Match Funding
Medium- & Heavy-Duty Zero Emission Vehicles and Charging/Fueling Infrastructure		
Non-Government Entity	Up to 75%	25%
Government Entity	Up to 90%	10%
Act 47 Financially Distressed Municipality (designated)	Up to 100%	As little as 0%

Preference will be given to applicants that are approved distressed municipalities under Act 47, Financially Distressed Municipalities Act of 1987, by allowing up to 100 percent reimbursement for eligible projects. Such municipality must be identified

B. Eligible Project Costs

1. Zero emission vehicle purchase
2. Charging infrastructure purchase and installation, including connection to electrical service.
3. Electric service upgrades. Applicants must verify in their application that sufficient power capabilities exist at proposed charging locations, including verification that the electric utility has been consulted.
4. Charging infrastructure maintenance costs - maximum of 2 years (note: only costs associated with a maintenance agreement and paid during the project period will be considered eligible).

C. Ineligible Project Costs

1. Purchase or rental of real estate
2. Construction or general maintenance of buildings and parking facilities
3. Paving and landscaping
4. Electric supply costs
5. Equipment or facility maintenance costs, except costs associated with a charging infrastructure maintenance agreement and paid within the project period

6. Consulting fees for the preparation of applications or collection and management of project data.

D. Scrappage

The vehicle being replaced must be scrapped or rendered permanently disabled prior to a reimbursement request being submitted to DEP. Detailed scrappage requirements will be provided with the executed grant agreement.

1. For vehicle replacements, the grantees or their vendors must:
 - a. Cut minimum three-inch diameter hole in the engine block (the part of the engine containing the cylinders) and disable the chassis by cutting through the frame/frame rails on each side at a point located between the front and rear axles, OR
 - b. Crush or shred the entire vehicle.
2. Other acceptable scrappage methods may be considered and will require prior written approval from the DEP Grant Officer.
3. Evidence of appropriate scrappage or recycling is required to be submitted to DEP whenever a reimbursement request is submitted for the ZEV replacement vehicle.
 - a. Grantees must complete and submit a “Certificate of Destruction,” including the required high-resolution photographs, for each vehicle or engine that is scrapped. All photographs must be properly labelled, prior to submission. Digital photographs in JPEG, PNG, or other common formats are preferred. The Certificate of Destruction form is a fillable PDF provided by DEP and can be completed electronically or by hand. Failure to supply or account for all required photographs may result in denial of reimbursement requests.
 - b. Grantees must also provide a copy of a Nonrepairable Certificate for on-road vehicles. This Certificate should be obtained after the vehicle or engine has been delivered for scrappage or recycling. The Nonrepairable Certificate can be obtained by applying for a certificate using the Pennsylvania Department of Transportation’s Form MV-6 – Application for Nonrepairable or Salvage Certificate. When a Nonrepairable Certificate is issued, the vehicle may only be used as a source for parts or scrap and may NOT be issued a certificate of title or a salvage certificate. There is no fee to request a Nonrepairable Certificate.
4. 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.).

V. General Conditions, Reporting, and Project Monitoring

A. Public Disclosure of Application Documents

MHD-ZEV Pilot Grant Program applications and supporting documentation are public documents and subject to disclosure to the public upon request. Please note that all documentation and records used to support a funding request submitted to the Trustee of the State Mitigation Trust, and all documentation and records in support of all expenditures of State Mitigation Trust funds, are required to be made publicly available, subject to applicable laws governing the publication of confidential business information and personally identifiable information. This may include information from the application and attachments, or reimbursement request documentation submitted by successful applicants during the grant

period. Directions are provided in the Application Instructions for this program on how to format and submit any information that the applicant wishes the Commonwealth to consider as proprietary or confidential.

B. Additional Conditions

The awarding of grant funding is subject to the following conditions:

1. DEP may consider past performance of applicants who have received state-funded grants when determining grant eligibility. DEP reserves the right to not award or withhold funds to applicants that have not completed projects or have failed to adhere to grant agreement requirements, including interim and final reporting requirements, for projects previously funded by state grant programs. This determination will be made by DEP on a case-by-case basis.
2. All projects must be compliant with all applicable local, state, and federal laws and must adhere to DEP guidance and policies. Furthermore, it is the duty of the Grantee to ensure compliance with any applicable laws and regulations by all employees and contractors hired for work on Driving PA Forward funded projects.
3. Applicants must not have any outstanding obligations (financial or otherwise) to the Commonwealth and must not have any unresolved environmental violations.
4. Grantees must secure all permits or approvals otherwise required for the project to proceed, including permits required by DEP.
5. DEP will withhold 10% of the final, approved reimbursement costs until completion of all reporting requirements, and a final project inspection is performed by DEP.
6. All government and for-profit business entity employers in the Commonwealth of Pennsylvania are subject PA Prevailing Wage Act requirements. To be eligible for funding from this Program, applicant must already be compliant with the Act. Compliance with this Act will be verified with the PA Department of Labor & Industry, upon receiving an application for grant funding.
 - a. Grantees shall ensure, where necessary, that construction projects with a cost more than \$25,000 that may be subject to PA's Prevailing Wage Act requirements are paid appropriate wages commensurate with the Act.
 - b. It is solely the responsibility of the grantee to ensure the act is followed, if applicable.
7. In addition to the Prevailing Wage Act above, any government or for-profit entity applying for grant funding from any Commonwealth agency, must also comply with PA Executive Order 2021-06, Worker Protection and Investment:
 - a. Applicants are required to pay all employees working in their organizations a minimum wage that meets or exceeds the Commonwealth's minimum wage, as prescribed in PA Executive Order 2016-02, Minimum Wage for Employees of the Commonwealth and of Organizations Receiving State Contracts
 - b. Beginning January 25, 2022, the minimum wage in the Commonwealth was raised to \$15.00 per hour. Beginning 2023 and thereafter, the minimum wage rate will be increased by an annual cost-of-living adjustment using the percentage change in the Consumer Price Index for All Urban Consumers (CPI-U) for Pennsylvania, New Jersey, Delaware and Maryland. The application amount shall be published in the Pennsylvania Bulletin by March 1 of each year to be effective the following July 1.
 - c. Additionally, applicants must ensure any contractors, consultants, or lessors which

will be compensated for work or costs related to Commonwealth grant-funded projects, must also be compliant with the requirements identified above, if applicable. It is the applicant's/grantee's sole responsibility to notify any potential contractor, consultant, or lessor of these requirements and ensure compliance of these third parties prior to the expenditure of any project funds.

Failure to comply with the provisions in the Prevailing Wage Act, PA Executive Order 2021-06, or PA Executive Order 2016-02 may result in the termination of the grant agreement contract and loss of project grant funding. For more information about the applicability of the Prevailing Wage Act and Executive Order 2021-06 requirements, applicants should contact the Department of Labor and Industry at 717-787-5279 or 800-932-0665 or visit the web site at www.dli.pa.gov.

C. Reporting Requirements

To ensure consistency and quality of pilot project reporting and data analysis, DEP will employ the services of a qualified Consultant to provide technical assistance to grantees regarding vehicle and charging data collection and reporting during the grant Period of Performance. grantees will be required to submit quarterly reports to DEP during the Period of Performance as summarized below.

1. Purchase Phase Quarterly Reports: During the vehicle purchase portion of the Period of Performance, grantees will provide DEP with quarterly reports, providing status updates on vehicle purchase and delivery, charging infrastructure planning and installation, and relevant vehicle performance data for project vehicles in operation during the reporting quarter. Quarterly Reports will be submitted to DEP within 30 days of the end of each calendar year quarter. DEP will provide grantees with the appropriate report forms with the executed grant agreement.
2. Pilot Phase Performance Reports: Once all vehicles are delivered and charging infrastructure is installed, grantees will be required to provide DEP with key vehicle operation, performance, and maintenance data so that the DEP Consultant in cooperation with grantees can compile and analyze the data to evaluate the performance and operational characteristics of the zero emission vehicles. Grantees will provide or allow access to the key vehicle data at least once per calendar quarter following the same schedule as the Project Quarterly Reports.

While the final reporting parameters will be established in cooperation with the DEP consultant, reviewed during the required pre-application meeting, and identified in the executed grant agreement, grantees should expect to participate in the collection and reporting of performance data in cooperation with the Consultant that includes, but is not limited to, the following:

- a. vehicle operating data (miles traveled, idle time, charging time)
- b. start/end battery capacities
- c. electricity (kWh) provided via chargers
- d. vehicle maintenance events (scheduled & unscheduled)

- e. charging infrastructure downtime and maintenance events
- f. other vehicle performance, charging, and maintenance data that enables DEP's consultant to produce meaningful evaluation of the results of the pilot project.

The DEP Consultant will produce a case study report for each pilot project using the data collected in the quarterly performance reports, along with feedback received from relevant personnel from the grantee's organization, such as drivers, mechanics, and fleet managers.

DEP will consider requests for data confidentiality on a case-by-case basis, however, it must be understood by program applicants that a primary outcome of the MHD-ZEV Fleet Pilot Grant Program is to generate and disseminate meaningful data on the real-world performance of medium- and heavy-duty ZEV trucks. Therefore, a commitment to providing relevant data is a prerequisite for participation in this program as is the development of case study reports which will be made publicly available. In addition, the Department may also request that grantees participate in a supporting role in DEP-led outreach events that highlight their successfully implemented projects, the case study reports, findings, and overall results of the pilot projects.

D. Financial Monitoring

1. Grantees must properly manage and account for funding received under the MHD ZEV Pilot Grant Program, and any matching funds provided by the applicant. Appropriate records must be maintained to confirm compliance with the conditions of the grant agreement.
2. No credit will be given for funds spent prior to the project period, unless otherwise approved in writing by DEP. All funding must be spent in accordance with the spending plan included in the grant agreement.
3. Extensions of the grant project period will only be issued if DEP concludes it to be necessary based on its own determination or in response to an approved request from the grantee.
4. Projects may be subject to PA Prevailing Wage Act requirements.
 - d. Grantees shall ensure, where necessary, that construction projects with a cost in excess of \$25,000 that may be subject to PA's Prevailing Wage Act requirements are paid appropriate wages commensurate with the Act.
 - e. For information about the applicability of the Prevailing Wage Act requirements, applicants should contact the Department of Labor and Industry at 717-787-5279 or 800-932-0665 or visit the website at www.dli.pa.gov. It is solely the responsibility of the grantee to ensure the act is followed, if applicable.
5. DEP reserves the right to terminate the project and/or recover funding from grantees not properly managing the funding in accordance with the conditions of the program and the executed grant agreement.
6. DEP reserves the right to inspect projects financed with MHD-ZEV Fleet Pilot Grant Program funds and to audit or require a third-party audit of any project's financial transactions or compliance with agreement terms.

E. Project Status and Monitoring

1. Grantees will be required to provide a status report with each application for

- reimbursement, as outlined in the grant agreement.
2. DEP may, at any time during the project period, request an update on the status of the project, to ensure that the project activities are being completed according to the project Work Plan included in the grant agreement.
 3. Project Completion
 - a. The project must be completed in accordance with the specifics of the grant agreement. Modifications will not be considered, except for very limited scope and budget changes, including, but not limited to: replacements of equal quality and function, and reallocation of contract budget category dollar amounts to and from other budget categories, as long as the maximum contract dollar amount payable to the grantee is not exceeded. All changes must be approved by DEP.
 - b. The project will not be considered complete until an on-site inspection of the project work is performed by DEP staff unless this requirement is waived by DEP and replaced with an alternate project verification action. DEP will send written notification to the grantee when it has confirmed that the project work is complete. On-site inspection, or other project confirmation activities, must occur by the Project Completion Date, unless otherwise agreed to in writing by DEP.

VI. Application Review, Scoring, and Selection

A. Project Selection

1. All complete and timely applications will be reviewed and scored by DEP staff, based on the set criteria, which are listed below.
2. Applications with the highest scores, that meet all other requirements, will be considered first for funding.
3. If funds remain, additional funding offers may be made to applicants that score well and meet other DEP programmatic goals and that meet all other requirements.
4. If remaining funds are not adequate to meet the funding request(s) of additional applicants, DEP may contact the applicants to discuss partial funding of the proposed project.
5. If an applicant is not selected for funding only due to exhaustion of allocated funds, the applicant may be reconsidered for funding if any funds are unobligated as a result of another grantee withdrawing their application, project termination, or some other action.

B. Notification of Applicants

1. All applicants will receive notification from the DEP Secretary or designee, addressed to the contact person specified in the application, notifying the applicant whether they are being offered grant funding.
2. If an application is not selected for funding, the applicant can contact DEP if they wish to discuss the details of why the application was not selected. Applications may not be selected for funding for numerous reasons, including, but not limited to: incomplete or ineligible applications; lower score ranking than other applications; no or lower environmental net benefit than other applications; proposed project doesn't fully support the goals of the State Beneficiary Mitigation Plan; proposed project doesn't fully support the environmental and economic goals of the Commonwealth; or lack of funds to award.

3. Successful applicants will be assigned a DEP Grant Officer; grantees may be required to meet with DEP staff to review contract requirements.
4. After the announcement of a grant award, DEP will forward a grant agreement (electronically) to the successful applicant. Successful applicants will be required to execute the grant agreement, including a detailed scope of work, project schedule, detailed budget, and other information.
5. Successful applicants will need both a Data Universal Numbering System (DUNS) Number and a Systems Applications and Products (SAP) Vendor Number. If applicants selected for funding do not have a DUNS Number or SAP Vendor Number at the time of award announcement, grant execution cannot begin until registration for both is complete. See the Application Instructions for additional information.

C. Application Review and Scoring

1. DEP will conduct a comprehensive review of the grant application and supporting documentation. DEP will evaluate eligibility of the applicant and the proposed project and assign a score based on the below criteria. DEP may reject an application due to incomplete or inaccurate information.
2. Scoring and eligibility criteria include:
 - a. Applicant
 - a. Applicant status (small business, non-profit, government entity, etcetera)
 - b. Applicant Act 47 Municipality status
 - c. Applicant's performance for previous Commonwealth grant and rebate funding programs
 - d. Applicant's funding award(s) from other active Driving PA Forward program projects
 - b. Project Location
 - a. Vehicles based or operated within an Act 47 Municipality
 - b. Vehicles based or operated within an Environmental Justice (EJ) area
 - c. More than half of vehicle miles or vehicle operating hours will be within EJ areas
 - c. NO_x reduction directly associated with the proposed project
 - d. Cost effectiveness (\$ requested/tons lifetime NO_x reduced)
 - e. The fleet size of the applicant's proposed zero emission vehicle transition (both total number of ZEVs and percentage of total similar fleet will be considered)
 - f. Remaining useful life of the proposed project vehicles.
 - g. The degree to which the proposed project has been researched, planned, and designed prior to submitting the application
 - h. The quality and thoroughness of the applicant's data collection and reporting plans
 - i. The degree to which the project makes use of PA labor and PA-based equipment manufacturers
 - j. The degree to which the project makes use of a diverse workforce (this can include the applicant, vendors, and contractors)
 - k. The degree to which the project will pilot an MHD-ZEV technology, vehicle type, vehicle use scenario, and/or scale not already underway in PA

D. Focus on Environmental Justice

Environmental Justice (EJ) is the fair treatment and meaningful involvement of all people regardless of race, color, national origin, or income with respect to the development, implementation and enforcement of environmental laws, regulations, and policies. EJ embodies the principles that communities should not be disproportionately exposed to adverse environmental impacts and anyone can have a seat at the table in the decision-making process that affects their environment.

Pennsylvania DEP identifies an EJ Area where 20 percent or more individuals live at or below the federal poverty line, and/or 30 percent or more of the population identify as non-white minority, based on data from the U.S. Census Bureau and the federal guidelines for poverty. In many instances, industrial sources of pollution are disproportionately concentrated in and around these EJ areas, which negatively effects health and severely impacts quality of life for those living and working there.

The Commonwealth of Pennsylvania encourages any project which would attempt to mitigate pollution in EJ areas. Any Driving PA Forward grant project proposal received by DEP, which provides a clear environmental benefit to a EJ area, may receive additional consideration in the application scoring process.

For more information on Environmental Justice, please contact the DEP Office of Environmental Justice at:

P.O. Box 2063
Harrisburg, PA 17101
RA-EPOEJ@pa.gov or (484) 250-5818

VII. Webinar Information

A recorded presentation providing an overview of the program will be available on the Department's Driving PA Forward website under the Medium and Heavy-Duty Zero Emission Vehicle Pilot heading during the application period. Applicants should use the contact information in Section VIII of this document to submit questions or request clarification about the presentation or the program documents.

DEP may also post additional tutorials or videos on the Driving PA Forward website to assist applicants in completing and submitting applications.

VIII. How to Apply

- A. DEP will begin accepting applications for the MHD-ZEV Pilot Grant Program on the date noted on the Driving PA Forward website. Applicants will not be able to submit their application unless all required information is completed. Any additional application

opportunity and application deadline will be announced on the DEP website and in the *Pennsylvania Bulletin*.

- B. See the MHD-ZEV Pilot Grant Program Application Instructions for step-by-step directions on how to apply. Applications must be submitted through the Department of Community and Economic Development's (DCED) Electronic Single Application website, eGrants, <https://www.esa.dced.state.pa.us/Login.aspx>. A link to the application system is also provided on the Driving PA Forward website.
- C. Application Submission Period: The MHD-ZEV Pilot Grant Program application submission period will begin upon public notice of availability and will remain open until the application submission deadline at midnight (EST) on March 1, 2023. DEP will review and score applications after the submission period ends.
- D. Late submissions will not be accepted.
- E. DEP Assistance and Contacts
 - 1. Questions regarding the application process, including signing up for access and any issues with completing the online application, should be directed to the DCED Customer Service Center at 1-800-379-7448. The DCED Customer Service Center is open 8:30 A.M.-5:00 P.M. EST, Monday thru Friday.
 - 2. Any questions about responding to the application questions, deadlines, and the overview and application instruction presentation should be directed to the Bureau of Air Quality, Pennsylvania Department of Environmental Protection, 717-787-9495, RA-EPVWMITIGATION@pa.gov.

IX. Glossary

Definitions are for the purpose of this funding program and may vary from other commonly used definitions.

‘Air Quality or Transportation Organizations’ – Local, regional, or multi-state air quality or transportation organizations that include a Pennsylvania state government agency, a municipal government, or a municipal authority as a member, and

1. owns or operates a diesel fleet located or operating predominately in Pennsylvania, or
2. have partnered with or is acting as a project manager for another eligible entity listed in this section.

‘All-Electric’ – powered exclusively by electricity provided by a battery, fuel cell, or the electric grid.

‘Alternate-Fueled’ – an engine, vehicle, or piece of equipment that is powered by an engine, which uses a fuel different from or in addition to gasoline or diesel fuel (e.g., CNG, propane, diesel-electric hybrid).

‘Alternative fuel’ – gaseous fuels such as hydrogen, natural gas (compressed-CNG or liquid-LNG), and propane-LPG; alcohols such as ethanol, methanol, and butanol; vegetable and waste-derived oils; and electricity.

‘Apportioned Registration’ – Pennsylvania is a member of the International Registration Plan (IRP) which is a registration reciprocity agreement among jurisdictions of the United States and Canada. The agreement provides for registration fee payments based on fleet distance operated in various jurisdictions.

Apportioned registration applies to vehicles that travel or are intended for travel in two or more of the member jurisdictions and is used for the transportation of persons for hire or is designed, used, or maintained primarily for the transportation of property, and:

- a. is a power unit having a gross or registered weight in excess of 26,000 pounds, or
- b. is a power unit having three or more axles regardless of weight, or
- c. is used in combination when the weight of such combination exceeds 26,000 pounds gross vehicle weight.

Vehicles or combinations, having a gross vehicle weight of 26,000 pounds or less and two axle vehicles, may be apportioned at the option of the registrant.

‘Business’ – corporations, partnerships, sole proprietorships, limited liability companies, business trusts or other legal business entities incorporated in or registered with the Pennsylvania Department of State, Bureau of Corporations and Charitable Organizations, to do business in the Commonwealth.

‘CARB’ – California Air Resources Board

‘Class 4-7 Local Freight Trucks (Medium Trucks)’ – trucks, including commercial trucks, used to deliver cargo and freight (e.g., courier services, delivery trucks, box trucks moving freight, waste haulers, dump trucks, concrete mixers, and others) with a Gross Vehicle Weight Rating (GVWR) between 14,001 and 33,000 lbs. For the purposes of this grant program, the term ‘local’ indicates that project vehicles must be housed in and operated predominantly within the borders of the Commonwealth.

‘Class 8 Local Freight, and Port Drayage Trucks (Eligible Large Trucks)’ – trucks with a Gross Vehicle Weight Rating (GVWR) greater than 33,000 lbs. used for port drayage and/or freight/cargo delivery (including waste haulers, dump trucks, concrete mixers, and others).

‘Commonwealth’ – Commonwealth of Pennsylvania.

‘DEP’ – Pennsylvania Department of Environmental Protection.

‘Diesel fuel’ – a fuel that is commonly or commercially known, sold or represented as diesel fuel, including any mixture of primarily liquid hydrocarbons that is sold or represented as suitable for use in an internal combustion, compression-ignition engine.

‘Drayage’ – a truck pickup from, delivery to, or operation within a seaport, border point, inland port, or intermodal terminal with both the trip origin and destination in the same local area. For the purpose of this program, local area is defined as within 20 miles of the trip origin.

‘Drayage Trucks’ – trucks used for drayage, limited to hauling cargo to and from ports and intermodal rail yards.

‘Electric vehicle or equipment’ – A vehicle or piece of equipment that uses electric motors and motor controllers for propulsion or operation of mechanical equipment in place of more common power sources such as the internal combustion engine (ICE).

‘EPA’ – United States Environmental Protection Agency

‘Federal Government Agency’ – Federal agencies that have custody, control, or management of land (including, but not limited to, Clean Air Act Class I and II areas) within or contiguous to the territorial boundaries of the Commonwealth.

‘Government Owned’ – owned exclusively by a Pennsylvania-based eligible applicant that meets the definition of ‘Government’

‘Government’ – a state or local government agency (including a school district, municipality, city, county, special district, transit district, joint powers authority, or port authority, owning fleets purchased with government funds), and a tribal government or native village. The term ‘state’ means the several States, the District of Columbia, and the Commonwealth of Puerto Rico.

‘Grantee’ – an applicant that has an executed grant agreement with DEP.

‘Gross Vehicle Weight Rating (GVWR)’ – the maximum weight of the vehicle, as specified by the manufacturer. GVWR includes total vehicle weight plus fluids, passengers, and cargo.

- Class 1: < 6000 lb.
- Class 2: 6001-10,000 lb.
- Class 3: 10,001-14,000 lb.
- Class 4: 14,001-16,000 lb.
- Class 5: 16,001-19,500 lb.
- Class 6: 19,501-26,000 lb.
- Class 7: 26,001-33,000 lb.
- Class 8: > 33,001 lb.

‘Hybrid’ – a vehicle that combines an internal combustion engine with a battery and electric motor.

‘Infrastructure’ – the equipment used to enable the use of electric-powered vehicles (e.g., electric vehicle charging station).

‘Intermodal’ – involving two or more different modes of transportation in conveying goods. (Air, marine, on-road, rail)

‘Intermodal Rail Yard’ – a rail facility in which cargo is transferred from drayage truck to train or vice-versa.

‘Metropolitan or Rural/Regional Transportation Planning Organizations’ – organizations as defined by the U.S. Department of Transportation at 49 U.S.C. § 5303(b), that are located in Pennsylvania.

‘MY’ – model year

‘New Vehicle’ – a vehicle with fewer than 7,500 miles on the odometer at the time of purchase that otherwise qualifies for this program.

‘Non-Government Owned’ – owned exclusively by Pennsylvania-based eligible applicants that do not meet the definition of ‘Government’ in Section II, Subsection A.

‘Non-Profit’ – An organization incorporated as a non-profit under Pennsylvania law or registered with the Pennsylvania Department of State, Bureau of Corporations and Charitable Organizations, to do business in the Commonwealth.

‘Normal Attrition Schedule’ – Fleet owner’s standard fleet asset replacement policy.. Normal attrition is typically determined by factors such as the vehicle or fleet owner’s budget plan, operating plan, standard procedures, or retirement schedule.

‘Port’ – a site located at a point along navigable waters (seaport), at a point along an international border (border point), or at a location away from navigable waters or international borders

that is used to facilitate the transfer of goods between modes of transportation including air, marine, rail, and truck (inland port or intermodal terminal).

‘Remaining Useful Life’ - Fleet owner’s estimate of the number of years remaining before a unit being proposed for replacement would be retired from service if the unit were not being scrapped because of grant funding. This estimate includes the total number of years of operation remaining even if the unit were to be rebuilt or sold to another fleet. The remaining useful 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.

‘Replacement’ – In general, replacement of non-road and highway diesel vehicles, engines, and/or equipment with newer, cleaner vehicles, engines, and/or equipment that operate on diesel, alternative fuels, or all-electric and use engines certified by EPA and/or CARB, if applicable, to meet a more stringent set of engine emissions standards.

‘Repower’ – to replace an existing engine with a newer, cleaner engine or power source that is certified by EPA and, if applicable, CARB, to meet a more stringent set of engine emission standards. Repower includes, but is not limited to, diesel engine replacement with an engine certified for use with diesel or a clean alternate fuel, diesel engine replacement with an electric power source (e.g., grid, battery), diesel engine replacement with a fuel cell, diesel engine replacement with an electric generator(s) (genset), diesel engine upgrades in Ferries/Tugs with an EPA Certified Remanufacture System, and/or diesel engine upgrades in Ferries/Tugs with an EPA Verified Engine Upgrade. All-electric and fuel cell repowers do not require EPA or CARB certification.

‘Scrapped’ – to render inoperable, unrepairable, and available for recycle- at a minimum, to specifically cut a minimum 3-inch diameter hole in the engine block for all engines. If any eligible vehicle will be replaced as part of an eligible project, scrappage shall also include the disabling of the chassis by cutting the vehicle’s frame rails completely in half. Both of these provisions may also be met by shredding or otherwise destroying the entire vehicle. Other methods may be allowed if pre-approved by DEP.

‘Zero Emission Vehicle (ZEV)’ – a vehicle that produces no emissions from the onboard source of power (e.g., all-electric or hydrogen fuel cell vehicles).