

Maine Clean Communities = MC²



***A Clean Cities Program Promoting Clean Fuel Vehicles, Energy Independence and Clean Air
Administered by the Greater Portland Council of Governments***

Maine Clean Communities Stakeholders/Steering Committee Meeting

Wednesday, June 3, 2009

8:30 a.m. – 10:30 a.m.

**United Technologies Center
200 Hogan Road, Bangor, Maine**

Agenda

- I. Call to Order
- II. Welcome and Introductions
- III. Announcements
- IV. Legislative Update
- V. Funding Opportunities
- VI. Project Updates – Local and Statewide
- VII. The latest from U.S. DOE
- VIII. Other Business
- IX. Set Next Meeting Date – August 5, 2009
- X. Adjourn

Maine Clean Communities (MC²)
Stakeholders/Steering Committee Breakfast Meeting Minutes
Wednesday, April 1, 2009
8:30 a.m. – 10:30 a.m.
GPCOG Conference Room, 68 Marginal Way, Portland, Maine

Attendees: Mark Bennett (Waynflete School); Jason Carr (Stantec-Jacques Whitford Fuel System Engineers); Lynne Cayting (Maine D.E.P.); Theodore Corbett (Town of Scarborough); Brian Hallowell (Cummins Northeast); Chris Huff (Hannaford Bros.); Steve Klein (Mermaid Transportation); Steve Lambert (MSAD # 6); Scot Lengel (Cummings Northeast); Steve Linnell (GPCOG); Mike Manning (AVSG LP-on conference call); Sue McIntyre (GPCOG); Jay Nason (Town of Scarborough); Gary Robbins (Wright Express); Joan Saxe (Sierra Club); Phil Thompson (Bike/Ped Coalition); Paul Weiss (Sierra Club Energy/Transportation Committee).

1. Call to Order:

Steve Linnell called the meeting to order at 8:35 a.m.

2. Welcome and Introductions:

Steve welcomed those present and introductions were made.

3. Announcements:

Steve Lambert from MSAD #6 in Standish announced that Bonney Eagle is in line for five propane buses and is now seeking another one for the upcoming school year. The fueling infrastructure will help determine if they get the sixth bus. They have been in contact with Amerigas fuels and discussions are on-going.

4. Legislative Update:

Bills of interest that are currently in the State Legislature:

LD 1013 “An Act to Protect the Environment through Promoting the Use of Clean Fuel Vehicles” sponsored by Senator Jonathan Courtney “provides an income tax credit for the purchase of a clean fuel vehicle.

LD 671 “An Act to Exempt Clean Fuel Vehicles from Sales Tax” sponsored by Senator Christopher Rector. “This bill exempts from sales tax sales and leases of clean fuel motor vehicles

LD 589 “An Act to Encourage the Production of Liquid Biofuels” sponsored by Representative Steven Butterfield. “This bill increases the income tax credit for the production of biofuels from 5¢ per gallon to 15¢ per gallon, enacts an income tax credit equal to 25% of the capital costs of converting an existing wood mass production facility to a facility for the production of wood mass-derived biofuel and appropriates \$500,000 in fiscal year 2009-10 for the Maine Technology Institute to fund research into cost-effective technology to convert forest resources to biofuels.” Steve commented that there is a fiscal note of \$500,000 associated with it. Steve thinks the bill will pass.

LD 799 “An Act to Encourage Clean Fuel Vehicle Economic and Infrastructure Development by Extending the Tax Credit” sponsored by Senator Lawrence Bliss. The summary reads “This bill extends the income tax credit for clean fuel vehicle economic and infrastructure development, which expired January 1, 2009, to 2012.”

LD 974 is “An Act to Decrease the Automobile Excise Tax and Promote Energy Efficiency”. This bill provides for a decrease in the excise tax and also exempts from the excise tax imposed on motor vehicles the first 3 model years of a hybrid gasoline-electric vehicle, a fuel-cell-fueled or hydrogen-fueled vehicle or a highly energy efficient vehicle that has a highway fuel economy estimate of at least 40 miles to the gallon. There are also sales tax exemptions of 100% on the sale or lease price of a new hybrid gasoline-electric vehicle, a fuel-cell-fueled or hydrogen-fueled vehicle or a vehicle with a highway fuel economy estimate of at least 40 miles per gallon.

Lynne referenced ***LD 745 “An Act to Allow the Operation of Modified Utility Vehicles on Public Way”***. She cautioned that some off-road vehicles are in violation of the Clean Air Act and spoke of the Japanese mini trucks. The Japanese have a different type of tax system in comparison to the U.S. The older the vehicle, the more taxes the owner must pay. As a result, the Japanese have been exporting some of these “trucks” to the U.S. The only way that the U.S. can import these “trucks” is by classifying them as “off-road” vehicles. They legally cannot be

registered to drive on Maine roads. They are low-speed vehicles; not safe for road use; and, don't meet highway standards and emission standards.

Steve Linnel spoke of a Bill that was introduced at the federal level in *Congress, H.R. 1835 – The New Alternative Transportation to Give Americans Solutions (NAT GAS) Act* sponsored by Congressmen Dan Boren, John Larson and John Sullivan. According to “Green Car Congress” (www.greencarcognress.com) provisions include:

- An 18-year extension of three critical tax incentives that focus on natural gas as a transportation fuel, the purchase of natural gas-fueled vehicles (NGVs), and the installation of commercial and residential natural gas refueling pumps. (Currently, the alternative fuel credit expires at the end of 2009, and the vehicle and refueling pump credits expire at the end of 2010. The legislation would also modify the current tax credits to provide even greater incentive for state and municipal fleet managers to buy natural gas vehicles and engines).
- A new tax credit for auto manufacturers that produce natural gas and bi-fuel vehicles.
- A requirement that by the end of 2014 at least 50% of the new vehicles purchased and placed into service by the federal government to be capable of operating on compressed or liquid natural gas.
- Grants for light and heavy-duty natural gas vehicle and engine development.

5. Funding Opportunities

H.R. 1105- FY 2009 Omnibus Appropriations Act was passed. National Clean Cities received \$25 million which is in addition to the Recovery Act. The \$25 million is about three times what we have been receiving. Our Clean Cities coalition currently gets about \$12,500 per year. This might be increased to \$20,000 for this year. Other elements of the Bill include training and professional development. Certain criteria must be met to receive the funding. There is a menu of items and it is all optional. Steve said it is by far the most money the program has ever received.

An update was then provided on the American Recovery and Reinvestment Act of 2009 (ARRA), the stimulus funding bill. States will need to apply for these funds. Among the many highlights of the bill are:

- \$9.5 million in energy and block grant funding for Maine. Ten of the largest towns in the State will be getting additional monies. Portland is due to receive \$680,000.
- Community action agencies like PROP in Portland will be getting some funding. Mostly for the weatherization of residential and public buildings.
- There is an appliance rebate program that will be extended to consumers. States will need to apply for these funds. It could be a 50% match, 20% match or no match required at all.
- Funding for research and development will be available. This includes \$800 million for biomass and \$400 million for geothermal.
- \$400 million is being provided for the Plug-in Electric Drive Vehicle Program, which provides grants to state and local governments and others to carry out projects to encourage the use of plug-in electric drive vehicles. The program can also be used for truck stop electrification and other measures.
- \$100 million to a new discretionary grant program for public transportation projects that reduce a transit system's greenhouse gas emissions or result in a decrease in a transit system's energy use. (Steve thinks that alternative fuels would qualify for this. This is 100% monies. Complete proposals for this must be submitted by the middle of May 2009.

Most of the funding is available to local and state governments, but the private sector could be involved in partnership with towns as a provider of services or goods. A member of the private sector cannot be the applicant but could be a partner and get some benefits in that respect.

Lynne provided an update on the Diesel Emissions Reduction Act (DERA) that was passed by Congress as part of the Energy Act of 2005 (EPA Act 2005). At the time they were thinking of appropriating \$500 million over five years. This program has been funded at limited levels each year. The intent of the program is to reduce emissions from old fleets and improve air quality. Diesel emissions have been linked to many respiratory and other health issues. This year the program has been allocated \$50 million nationally. The amount is divided by EPA Regions. Maine did not get any monies last year. There is much competition. More information is available at www.icleiusa.org or at www.northeastdiesel.org

In addition to the regular DERA program allocation, an extra \$300 million (30% goes directly to each State) will be available through the American Recovery and Reinvestment Act of 2009 (Recovery Act) for the DERA Program. Out of that total, \$1.7 million will be sent to every State to create a clean diesel program that meets criteria set through DERA. The funding request must also show that it will create and retain jobs. The other 70% of the \$300 million is for regional competition. Region 1, New England states, will be competing from a total of \$8.7 million. The application deadline is set for April 28, 2009. It is a very compressed timeframe. Award selections will be done in late May and monies will be sent out in June. The intent is to get the money out to the local economy.

Beside the above-mentioned Regions competition, Lynne spoke of another competition with the same \$300 million for loans for the SmartWay Clean Diesel Finance Program. This program is to establish innovative finance loans or grants at better market terms/lower interest rates for certified verified technology that reduces for instance, a carbon footprint. The program is administered by the EPA for shippers and freight to reduce their fuel use by certified and verified technology. Items such as using single-wide tires or using items that make their trailers more aerodynamic are now considered as verified technology and now available for funding. They are looking at any type of loan facility. The PUC, for instance, could provide a loan program. But, they have to apply for it. There is also discussion about the regional DERA application to grant money for fleets to install SmartWay technologies. Lynne was not sure how much money this would be and/or if the EPA would actually fund that.

There is a similar program called the Clean Diesel Emerging Technologies Program that will receive \$20 million for projects that will use technologies not yet verified and/or commercialized but on EPA's Emerging Technology List. More information is available at: www.epa.gov/cleandiesel (Select "Emerging Technologies.")

Last, but not least, is a State DERA program where the State is allocated \$88 million. It is a non-competitive allocation grant program for States pertaining to the reduction of diesel emissions.

In summary, all of the above DERA programs are intended to reduce emissions from old legacy fleets.

With reference to the \$1.7 million that the Maine DEP will receive from the "Recovery Act", Lynne explained that she has solicited applications and has tried to get the information out about the Clean Diesel Program. An applicant must not only meet the Diesel Emissions Act, but must also show how it will retain and/or create jobs. In following with the same state wide program as the Maine Clean School Bus program, Lynne developed a Clean Marine Engine program to replace some of the oldest engines in use. She attended the Fishermen's Forum in Rockland to gauge interest in repowering older lobster boat engines. Many have non regulated "two-stroke" engines that emit 70% higher particulate than a new EPA Tier II certified marine engine. There was much interest. A competitive selection process will be developed. Applicants would be able to choose the engine and boat yard for the installation. This program is intended to benefit the engine manufacturer, the distributor, the local boat yard, the mechanics, the fishermen and their communities. Lynne has already received about 150 applications. Subsequently, \$1.2 million is set aside for the Clean Marine Engine Program. It will fund 50% to replace the engine and 50% for installation. However, there is only enough funding to do about 65 engines. Lynne will approach the Marine Trade Association to apply for the regional monies.

Lynne has received several applications from the City of Portland. One pertains to diesel particulate filter traps the City's trash haulers; another is for the METRO that has recently purchased ten used diesel buses and are looking at retrofitting those with diesel oxidation catalysts, which would reduce emissions; the Portland Port Authority has applied for funds to repower the stacker by replacing its engine to reduce emissions by 40%; and, another application was submitted by Foreside Dock and Dredging. The "Foreside" applied for shore power to power their welding equipment when working on tugs, barges, etc. Other state projects include propane school buses for SAD 6.

An application was submitted last year to the Regional DERA Program but was not funded. The EPA now has over \$8 million that they are trying to allocate to fund projects applied for in the past. Subsequently, they will fund the project applied for last year. \$750,000 will be allocated to Maine to repower and retrofit material equipment for off-road construction. This would include repowering and retrofitting construction equipment used by Pike Industries such as those types of off-road vehicles that bring gravel, paving equipment, graters, etc. DEP

will issue an RFP for retrofitting and repowering MaineDOT trucks and off-highway construction equipment for Pike Industries.

Much of this information can be found on the State of Maine Governor's website, including information on the Clean Marine Engine Funding Program. Lynne pointed out that these programs do not apply to gasoline engines, and/or engines that are damaged. DERA funding is intended as an incentive to replace older diesel engines that otherwise would remain in the fleet for a long time. DERA is a public health initiative and is intended to reduce harmful diesel particulate matter. The regular 2009 DERA solicitation in late summer will be for about \$1.5 million.

6. Project Updates – Local and Statewide (None mentioned.)

7. The latest from U.S. DOE

Proposals for the annual solicitations are due today. There is \$1.3 million appropriated for this year. Areas of interest include incremental costs for alternative fuel vehicles, fueling infrastructure, and education workshops with the focus being on renewables as well as a pilot project for universities making biofuel. One to four of the awards will be given to education and workshops.

In the meantime, the Recovery Act funding came out. This added \$300 million for Clean Cities. With reference to the EPA Act 2005, section 721, alternative fuels pilot program, they expect to award 30 awards throughout the country. There are 86 Clean Cities Coalitions in the U.S. They are planning to solicit applications on \$5 to \$15 million projects with a 50% match. This is for a four-year period. The monies would be spent in the first two years and the other two years would include data collection. It would also have to include some of the job creation and job retention criteria attached to the Recovery Act. This funding is limited to States and local governments. It could include partnerships with the private sector; proposals must include a Clean Cities Coalition as a partner. Steve pointed out that the Maine Clean Cities Coalition is partnering with both the Vermont Clean Cities Coalition and New Hampshire Clean Cities Coalition in submitting a proposal. It was felt that this approach would provide better opportunity for success. In general, it pays the incremental cost to purchase new OEM vehicles or for retrofits or conversion of used vehicles. It pays for refueling infrastructure and a public awareness campaign and appropriate training. The first round is due May 29th, 2009. Where this is a Tri-State Coalition the deadline is April 10th for pre-applications for those in the State that want to do something to allow time to put the proposal together.

The refueling infrastructure also includes biofuels. Extra consideration will be given to those that are public sites. There is no maximum limit or percentage per site. The overall project has to be matched 50/50.

There is also funding for light duty vehicles (up to \$50,000 for incremental costs); light-duty fueled cell vehicles; light-duty hybrids (up to \$2,000); electric plug-ins; medium-duty and heavy duty vehicles; and incremental costs.

A question was asked if the funding included dual-fueled vehicles with Steve replying that he had "asked" the website and the answer was "yes". This topic generated a long discussion about dual fuels, its availability, and converting vehicles that have diesel to CNG. A comment was made that the only dual fuel available is the Westport vehicle that can be converted to CNG which is available through Kenworth. It is a Cummins engine and the converter manufacturer is Westport. The conversion kit is an EPA certified product. There is a link to a Westport Cummins website that provides information on these particular LNG vehicles. Some include items such as street sweepers, yard hustlers and transit buses. Scot Lengel noted that those particular vehicles are all available today with various engines. More discussion followed about the 8.9 liter engine (that will continue to be available). It was pointed out that Freightliner will be buying the Sterling Truck Company and will make available a strain of trucks and tractors in the 8.9 CNG line.

The cities of Lewiston-Auburn are interested in putting up a maintenance garage and looking for a public/private owned station that would provide natural gas/diesel and gasoline. This topic generated a long discussion. Key items mentioned in the discussion included:

- Peers Co. is located next to a high pressure natural gas line that could accommodate a fuel site. Among the next steps would be to talk to the City of Portland to see if there is any interest there and to talk with private haulers.

- Casella is working with Vermont to replace infrastructure with natural gas. Steve will be talking with both Casella (known as Pine Tree Waste Haulers) and EcoMaine. There may be other haulers as well who might be interested. Steve would like to see a meeting hosted by Ecomaine that would bring in all the private haulers together to discuss this topic.
- At the moment, MaineDOT is currently only considering alternative fuels as appropriate for transit. Steve has written to the DOT on this topic in reference to their 20-year plan and challenged them to take a leadership role.
- There is a gap in infrastructure from northern Maine to southern Maine.
- Additional incentives are needed for both the public and private sectors for using alternative fuels.
- Cities like Lewiston-Auburn and Bangor have shown considerable interest in alternative fuels infrastructure but the 50% match is hard to come up with in these economic times.
- It was noted that there are several distributors looking to put in an alternative fuel site. Could they partner with the State?
- It was suggested that contacting the towns in regards to the promotion of CNG fleets to their contracts with trash haulers might be beneficial. Steve added that a meeting with trash haulers would include the town officials, as well.
- Despite past history, there is now a big push by science, companies, government and corporate America to become independent of foreign oil. Paul Weiss felt that we will see a trend toward propane and natural gas and that it should be pursued. We should embrace it and move forward.
- Portland will be replacing some vehicles with light-duty and some natural gas and/or hybrids and neighborhood electric vehicles. Some of these may not be year-round but it will reduce fuel use. The school department is also considering CNG and three hybrids to test.
- Bonney Eagle schools are in the process of purchasing five propane buses and another later this year.
- Smaller on-going projects: CB Kenworth wants to do a hybrid delivery truck for a customer; Bangor has some interest for CNG and are looking at electric vehicles for their city fleet; and Cyr Bus Lines is interested in a hybrid school bus and are talking about the possibility of looking at CNG in that area.

8. Other Business

Mike Manning provided an update on AVSG LP and said that they are looking to update the Concord, N.H. CNG station, giving it credit card capabilities with full public access. They have also been working with Portsmouth as well as with Salem, N.H. to build medium-size CNG stations for trash haulers and recycling trucks. Subsequently, there will be two new CNG stations in New Hampshire and a reconstruction in Concord, N.H. There are enough vehicles to support these stations. Mike added that he has found a document that lists every CNG vehicle, light-duty and heavy duty vehicles that currently avail themselves with CNG options. Mike will forward the document to Steve L. A short discussion followed as to whether reaching out to traditional petroleum providers would be beneficial. A comment was made that working in conjunction with conventional fueling distributors makes it a little more difficult because both fuels are basically in competition with each other. Discussion continued on how to leverage the C.N. Brown companies "out there" with alternative fuel infrastructure. It was pointed out that CN Brown currently provides biodiesel for the Poland Springs Co. but only provides the biodiesel at the site where the Poland Springs trucks fuel. Steve has not seen as of yet any incentive for them to expand that. It was also noted that Poland Spring's pump in Hollis used to allow the public access to those pumps at one time. Another comment indicated that the problem with the private distributor or private retailer of fuel is that when they build a gasoline or refueling station the audience is already there while the opposite is true for CNG. If you do not build a customer load, the CNG station will fail. You have to build the market of vehicles as you build your station. Steve added that that is why the transit model and the trash model with EcoMaine works.

Scott L. pointed out that when diesel fuel was at \$4.00 a gallon, the new LNG and natural gas coalition phones were ringing off the hook. But, by December that waned. The fuel prices were down as well as the economy. Now more money is available and with DOE funding it does include the private fleets. Everyone has a competing need for sustainability by staying in business but you also have the carbon footprint piece that major corporations are concerned about. So, why not take that leap today? Now that we have the funding, how do we get that message out in the next 30 days?

Paul spoke of the school fleets and noted that this would be the optimal opportunity to approach school districts. School fleets are set up for natural gas. Plus, school buses do not have to refuel every single day. Two or three

towns could easily combine their fleets and install a high pressure quick fueling station. Several other options for outreach were mentioned such as a press release, the media, and/or letters to school districts. It was noted that many fleet groups recycle their fleets every year. Lynn pointed out that many entities are currently concerned about 2010 technology. They are not sure how it will work. As a result, many are buying and/or ordering 2009 diesel trucks now. But, propane is simpler to maintain and it's a perfect time to promote these other technologies. Paul spoke of another idea which included looking at the natural gas pipeline to see where the school districts are located in relations to that pipeline. Those other towns that are not in proximity to the pipeline could use propane to slowly replace their whole fleet. A short discussion followed on incremental costs, more educational outreach and a WebEx session. A comment was made about doing a 90 second "blurb" on the Lobster Boat Program regarding diesel engines. It was also mentioned that engines coming out of ports emit lots of emissions and that the FAA has funding available for retrofits and repowers. Steve added that monies go unspent every year. Each school district has about a dozen school buses. It's amazing that school districts do not take advantage of some of these subsidies from the State.

In summary Steve pointed out that the regional funding deadline is April 28th and that DERA covers 100%.

9. Set Next Meeting Date

The next meeting is scheduled to be held at the United Technology Center in Bangor on June 3rd, 2009.

10. Adjourn

The meeting adjourned at 10:35 a.m.