IDAHO DEPARTMENT OF ENVIRONMENTAL QUALITY

Air Quality Division – Vehicle Replacement Program (VRP)

CALL FOR LETTERS OF INTEREST

Idaho DEQ's Vehicle Replacement Program – Upcoming National DERA Funding Opportunity

The Idaho Department of Environmental Quality (DEQ) is preparing to apply for the U.S. Environmental Protection Agency's (EPA) next round of National Diesel Emissions Reduction Act (DERA) competitive grant funding. Through DEQ's Vehicle Replacement Program (VRP), eligible participants would permanently scrap existing heavy-duty diesel vehicles and receive a rebate of 25%–45% of the cost of a new replacement vehicle. This is a nationwide, competitive funding process, and DEQ's application must identify specific participants and vehicles at the time it is submitted.

DEQ is issuing this call for Letters of Interest to identify fleets and vehicle owners who are interested in participating in the VRP if this funding is awarded. Submitting a Letter of Interest is not a funding award or guarantee, nor is it a commitment to participate. Instead, it documents your interest for DEQ to include as supporting evidence in its application to EPA.

If awarded, DEQ will combine this National DERA grant with its State DERA grants in a single 2027 VRP. The eligibility requirements and rebates below meet the rules of all DERA grants.

Who Should Respond

Public and private fleet owners operating eligible diesel vehicles in Idaho who are interested in replacing older diesel vehicles with newer, cleaner alternatives.

Eligible Vehicles and Rebates

Eligibility depends on the diesel vehicle you replace (Table 1) and the new vehicle you buy (Table 2). Your rebate is based on the engine model year of the existing vehicle and the certified emission level of the new one, as shown on its engine certification document (see "How the rebate level is determined" below).

Table 1. Existing vehicle requirements

Requirement	The diesel vehicle you replace must…
Vehicle type	Diesel-powered **highway** vehicle: Class 5–8 truck (16,001 lb GVWR or more), Class 5–8 transit or shuttle bus, or school bus. Nonroad equipment is not part of this program.
Location	Operate in Idaho.
Ownership	Be owned and operated by you now, and for the 2 years prior to the replacement.
Usage	Have accumulated at least 7,000 miles per year in each of the 2 years prior to the replacement. Vehicles that idle for long periods to power equipment (e.g., fire or utility trucks) may use at least 500 engine hours per year instead, subject to EPA approval.
Condition	Be fully operational, with at least 3 years of remaining useful life.

Requirement	The diesel vehicle you replace must…
Engine model year	Engine model year 2009 or older can be replaced with any eligible new vehicle in Table 2 (25%, 35%, or 45% rebate). Engine model year 2010 or newer can be replaced with a zero-emission vehicle or one with an engine certified to 0.10 g NOx/bhp-hr or lower (35% or 45% rebate). **The 25% rebate is not available for these vehicles.**
Like-for-like	Be replaced with a new vehicle of the same type and function that is used in the same operations as the existing vehicle and be in the same or a smaller weight class.
Scrappage	Be scrapped within 90 days after the new vehicle is in service (3-inch hole in the engine block and frame rails cut), documented with photos.

How the rebate works, in plain terms: the cleaner the engine in the new vehicle, the bigger the rebate. You do not need to know emissions rules to use Table 2. Find the kind of vehicle you plan to buy, then ask your dealer the questions listed below the table. If the vehicle you are replacing has a 2010 or newer engine, only the 35% and 45% rows apply.

Table 2. Eligible new vehicles and maximum rebates

New vehicle you buy (engine model year 2024 or newer[1])	Maximum DEQ rebate, by engine model year of the vehicle you replace	
	2009 or older	2010 or newer
Standard new diesel or gasoline truck or bus What most dealers sell today, including most 2024–2026 engines and 2027 or newer "carryover" engines that are not fully certified to EPA's 2027 standard *Certified NOx: 0.20 – 0.11 g/bhp-hr*	**25%** you pay 75%	**Not eligible**
Diesel or gasoline with a special-order "California low-emission" engine (uncommon) Usually must be special-ordered, and not every manufacturer offers it. The engine must be certified by a California (CARB) Executive Order to 0.10 g NOx/bhp-hr or lower.[2] *Certified NOx: 0.10 – 0.036 g/bhp-hr*	**35%** you pay 65%	**35%** you pay 65%
Natural gas or propane truck or bus, or a new diesel built to EPA's 2027 standard Most natural gas and propane engines qualify (typically certified at 0.02 g). For diesel, generally 2027 or newer engines fully certified to EPA's 2027 standard. *Certified NOx: 0.035 g/bhp-hr or lower*	**45%** you pay 55%	**45%** you pay 55%
Battery-electric or hydrogen fuel cell truck or bus No tailpipe emissions, so no engine documentation is needed.[3] *Certified NOx: none (no tailpipe emissions)*	**45%** you pay 55%	**45%** you pay 55%
EV chargers, fueling stations, and related electrical work Infrastructure	**Not eligible** Applicant pays 100% (not eligible under either DERA program)	

Eligible new vehicles: any EPA- or CARB-certified highway vehicle powered by diesel, a clean alternative fuel (including natural gas, propane, and gasoline), a hybrid system, or a zero-emission power source. Each new vehicle must be the same type and perform similar functions and operations as the vehicle it replaces, in the same or a smaller weight class (see Table 1).

[1] 2019 or newer for drayage trucks. [2] Per EPA, CARB's Optional Low NOx rules have essentially been superseded since model year 2024, so few new engines are certified in this range. Engines built to California's 2024–2026 heavy-duty standard (0.050 g/bhp-hr) fall in this range but usually must be special-ordered; confirm availability with your dealer. [3] Hydrogen fuel cell vehicles are eligible only to replace transit buses, shuttle buses, or drayage trucks.

What to ask your dealer

- **Standard diesel or gasoline (25%):** nothing special. This is what dealers sell by default.
- **Special-order California low-emission engine (35%):** "Can I order this vehicle with a California low-NOx engine? Can you get me the engine family name and its CARB Executive Order?"
- **Natural gas or propane (45%):** "What is the engine family name, and can you get me its CARB Executive Order?"
- **New diesel built to EPA's 2027 standard (45%):** "Is this engine fully certified to EPA's 2027 standard, or is it a carryover engine? Can you get me the engine family name and its certification?"
- **Battery-electric or hydrogen fuel cell (45%):** nothing extra. No engine documentation is needed.

Rebate percentages are the maximum share of the eligible new vehicle cost that DEQ can pay (purchase price, delivery, sales tax, and excise tax). Optional add-ons that significantly increase the vehicle cost may not be eligible.

How the rebate level is determined. Any eligible new vehicle qualifies for the 25% rebate when it replaces a vehicle with a 2009 or older engine. To qualify for the 35% or 45% rebate, you must document the new engine's certified NOx level by providing its engine family name and either a copy of its California Air Resources Board (CARB) Executive Order or the engine family's listing in EPA's heavy-duty highway engine certification data. Your dealer or the vehicle or engine manufacturer can provide these. Zero-emission vehicles do not need this documentation. DEQ will use the engine family name to verify the engine's certified NOx level.

If the vehicle you are replacing has a 2010 or newer engine, the 25% rebate is not available. The new vehicle must be zero-emission or documented at 0.10 g NOx/bhp-hr or lower, or the project is not eligible.

You do not need to provide certification documents with your Letter of Interest. On the form, tell us the make, model, and engine of the vehicle you plan to buy (a dealer quote is ideal). If you are aiming for the 35% or 45% rebate with a vehicle that is not battery-electric or hydrogen fuel cell, also ask your dealer for the engine family name of the planned engine (a prior model year's engine family name is fine) and include it on the form. EPA allows DEQ to request more than the 25% rebate level only for vehicles with an identified engine family name. Without it, DEQ can include the vehicle in its application only at the 25% level and cannot include a vehicle that is replacing a 2010 or newer engine. If DEQ receives funding, you will need to provide the engine family name and certification document when you apply to the 2027 VRP. Without them, only the 25% rebate is available, and only when replacing a vehicle with a 2009 or older engine. If your project is funded, the engine family name on the delivered engine's emission control label must match the certification you provided.

Your cost share: you must pay your share of the vehicle cost, plus 100% of any cost DERA does not cover, including charging or fueling infrastructure, panel upgrades, wiring, and installation. These costs must come from your own or other non-federal funds. DEQ is looking for participants who have both an eligible vehicle and the financial capacity to cover these costs.

What We Need From You

- A completed Letter of Interest (through DEQ's online Microsoft Form; see Deadline and Submission).
- The number of vehicles you intend to replace.
- Vehicle Identification Numbers (VINs) for the vehicles to be replaced.
- For each vehicle to be replaced: vehicle type and weight class; vehicle and engine make, model, and year; and average annual fuel use (gallons) and miles for the past 2 years.
- A description and cost estimate for the replacement vehicle(s) you intend to purchase, including the vehicle and engine make, model, year, and fuel type (a dealer quote is ideal). If you are aiming for the 35% or 45% rebate with a vehicle that is not battery-electric or hydrogen fuel cell, also include the engine family name of the planned engine.

- An attestation from an authorized representative of your organization (name, title, and typed signature, entered on the form).

Important Notes

- Submitting a Letter of Interest does not obligate you to any cost and does not guarantee that funding will be available — award amounts and timing will be determined after a competitive application evaluation.
- If Idaho receives an award (EPA expects to announce selections in May 2027 and make awards in July 2027), DEQ will open a formal 2027 VRP application period. Every participant must apply during that period to receive a rebate; a Letter of Interest does not reserve funding.
- The more complete and specific your vehicle information, the more useful it is to Idaho's application.
- Information provided will be used solely to support Idaho DEQ's DERA grant application and program planning.

Build America, Buy America Act (BABA) Requirements

This program is federal financial assistance and is subject to the Build America, Buy America Act (BABA), enacted under the Infrastructure Investment and Jobs Act (P.L. 117-58, §§ 70901–52). DEQ will apply BABA consistent with the DERA Program Guide and EPA's BABA Implementation Procedures for Office of Transportation and Air Quality (OTAQ) Federal Assistance Programs. Here is what to expect:

- **Whether BABA applies depends on how the vehicle is used.** Under EPA's OTAQ procedures, BABA may apply to a vehicle that does only public works or public utility work, such as road, street, or bridge repair; street sweeping; garbage or recycling collection for a city or county; water, sewer, or power utility work; or public transit open to everyone. This includes a privately owned vehicle that does only this kind of work under contract with a public agency. Vehicles that also do private or other work, and emergency vehicles such as fire trucks and ambulances, generally are not subject to BABA. DEQ will evaluate each selected project for BABA applicability before signing a participant agreement.
- **Smaller projects may qualify for a waiver.** For a project subject to BABA, DEQ will determine whether it qualifies for EPA's Small Project General Applicability Waiver, which applies when the total DEQ rebate for the project is less than $250,000. The $250,000 limit applies to the project as a whole: if your project includes more than one vehicle, the rebates for all of them are added together. If the waiver applies, DEQ will confirm it with EPA, document it, and will not require BABA compliance documentation for that project.
- **Other projects subject to BABA will need documentation.** If your project is subject to BABA and does not qualify for the Small Project Waiver, BABA requirements will be included in your participant agreement and will flow down to your vendors. Before DEQ pays the rebate, you must provide a signed certification letter from the vehicle manufacturer (not the dealer), or equivalent documentation, that links the vehicle to your project and attests to its U.S. manufacture. Compliance is assessed when the vehicle is placed into use. If the required documentation cannot be provided, DEQ cannot pay the rebate.
- **Charging and fueling equipment may also be covered.** If you install chargers or fueling equipment for the new vehicle, that equipment may also have to meet BABA, even though DERA will not pay for it. This generally applies when the equipment is installed for the funded vehicle, around the time it is delivered, at its home base.

- **Other waivers may be available.** Where appropriate, DEQ will apply other EPA general applicability waivers. If no general waiver applies, DEQ may request a project-specific waiver from EPA, but approval is not guaranteed.
- **Plan ahead with your dealer.** If your vehicle may be subject to BABA, ask your dealer early whether and how the manufacturer will provide a BABA certification letter for it. Some manufacturers can issue the letter only after the vehicle is ordered and has a VIN.
- More information is available on EPA's BABA website (epa.gov/baba) or from the DEQ program contact listed below.

You do not need to provide BABA documentation with your Letter of Interest. Identifying the make and model you plan to buy on the form will help DEQ flag possible BABA issues early.

Deadline and Submission

Completed Letters of Interest forms should be submitted no later than **December 20, 2026, 11:59 p.m. Mountain Time** to allow time for inclusion in Idaho DEQ's application package. Please submit your Letter of Interest through DEQ's online Microsoft Form: https://forms.cloud.microsoft/g/hESsQ0v3Nb

If you cannot use the online form, or have questions, contact:

G. Michael Brown, Air Quality Coordinator, Idaho DEQ

g.michael.brown@deq.idaho.gov | 208-373-0232

Questions about vehicle eligibility, program requirements, or how to estimate replacement costs are welcome — please reach out any time before the deadline.