

ANALYSIS

Department of Transportation I-84 Medium and Heavy-Duty Vehicle Charging and Fueling Grant

Analyst: Michelle Deister

Request: Approve the submission of a federal grant application by the Department of Transportation to the Federal Highway Administration in the amount of \$38,000,000 for clean energy charging and fueling infrastructure along Interstate 84 for medium and heavy-duty vehicles.

Analysis: The Department of Transportation (ODOT) and the Department of Environmental Quality estimate there are roughly 130,000 medium and heavy-duty fleet vehicles in Oregon, and that about 1-2% currently meet the definition of zero emission vehicles. State regulations adopted by DEQ require manufacturers to sell a certain and increasing percentage of zero emission medium and heavy-duty vehicles beginning with the 2024 model year in order to meet climate goals. As medium and heavy-duty vehicles become more numerous, more publicly available infrastructure will be required to accommodate these vehicles, and those traversing Oregon highways from other states.

I-84 is the second-most highly trafficked freight route in the State of Oregon, and is located along several strategic ports. If the grant is awarded, ODOT will partner with private entities who will develop, own operate and maintain up to four large charging stations to serve medium and heavy-duty fleet vehicles. Private sector funds constitute the required 20% match for this grant, and ODOT will reimburse eligible station development costs.

The grant application is due May 30, 2023, and an award date has yet to be determined. If the grant is awarded, ODOT may seek additional expenditure limitation in February 2024 or a future meeting of the Emergency Board.

Legislative Fiscal Office Recommendation: The Legislative Fiscal Office recommends approval of the request.

Oregon Department of Transportation

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Request: Authorization to apply for a \$38 million Charging and Fueling Infrastructure grant under the Infrastructure Investment Job Act, from the Federal Highway Administration (FHWA) for medium and heavy-duty charging station along the Interstate 84 (I-84) corridor in Oregon.

Recommendation: Approve the request.

Discussion: The Oregon Department of Transportation (ODOT) is requesting authorization to apply for a \$38 million Charging and Fueling Infrastructure (CFI) grant to install medium and heavy-duty charging stations along the Oregon I-84 corridor. The matching fund requirement includes a 20 percent minimum contribution, projected at \$7.6 million. The match would come from private partnership investments and would not impact the State Highway Fund.

The CFI discretionary grant program is expected to provide \$2.5 billion in grant funding over a five-year period to eligible applicants. FHWA has indicated that the federal funding opportunity is focused on those projects looking to expand existing or adding new charging and fueling infrastructure for medium and heavy-duty vehicles that will assist in reducing greenhouse gas emissions.

ODOT is planning to install four large charging stations along I-84. Station size will range between two to six acres with the ability to provide 10 to 20 charging ports per acre. Each station is projected to cost approximately \$11 million to construct with an estimated project total funds cost of approximately \$45 million. While the exact locations are yet to be determined, ODOT anticipates one of these stations will likely be in The Dalles, another will be located in Troutdale, and the remaining two stations will be sited in commercial/industrial areas near the Port of Portland and the Portland International Airport. Additionally, ODOT plans to require the private partners responsible for constructing and operating the charging stations to provide publicly available charging capacity for light-duty fleet vehicles, as well.

The grant notification was posted on March 14, 2023. FHWA is combining grant funds from federal fiscal years (FFY) 2022 and 2023 into one application process, with an application due date of May 30, 2023. The FHWA will determine which federal fiscal funding would be applied to each state recipient. Grants awarded from FFY 2022 would require funding to be obligated by September 30, 2025 and fully expended by September 30, 2030. Grants awarded from FFY 2023 would have requirement dates one year later. If awarded, ODOT may need to return to request additional Federal Funds expenditure limitation.



Oregon

Tina Kotek, Governor

Department of Transportation

Director's Office

355 Capitol St. NE, MS 11

Salem, OR 97301

May 4, 2023

Senator Elizabeth Steiner, Co-Chair
Representative Tawna Sanchez, Co-Chair
Joint Committee on Ways and Means
900 Court Street NE
H-178 State Capitol
Salem, OR 97301-4048

Dear Co-Chairpersons:

NATURE OF THE REQUEST

The Oregon Department of Transportation (ODOT) Policy, Data and Analysis Division requests permission to apply for a Charging and Fueling Infrastructure (CFI) grant established under the Infrastructure Investment and Jobs Act (IIJA) for \$38 million from the Federal Highway Administration (FHWA).

AGENCY ACTION

On March 14, 2023, FHWA opened applications for the Charging and Fueling Infrastructure (CFI) Discretionary Grant Program. It will provide \$2.5 billion in grant funding over five years to eligible applicants, including cities, local governments, state governments, and Tribes. ODOT has been anticipating the release of this Notice of Funding Opportunity (NOFO) since it began implementing the corridor National Electric Vehicle Infrastructure (NEVI) program, also established by the IIJA in November 2021. Applications are due on May 30, 2023, and the award date has yet to be determined.

ODOT has a long history of implementing successful EV charging programs. The West Coast Electric Highway (WCEH) is an extensive network of public electric vehicle DC fast charging and Level 2 charging stations along the West Coast from British Columbia to the California-Mexico border. Stations are located along Interstate 5, U.S Highway 101, and other major roadways in British Columbia, Washington, Oregon, and California. ODOT's CFI grant concept builds upon these previous successes.

While the WCEH and the NEVI programs are designed for light-duty vehicle charging, this grant concept seeks to address the growing need for medium- and heavy-duty vehicle charging along the 375-mile-long Interstate 84 (I-84) corridor. According to the Center for Climate and Energy Solutions, medium- and heavy-duty trucks make up only 5 percent of vehicles on the road but account for roughly 24 percent of U.S. transportation emissions.

FHWA responded to this need with several focus areas in the NOFO related to medium- and heavy-duty vehicle charging. Specifically, the NOFO references Zero Emissions Corridors for medium- and heavy-duty vehicles that seek to connect national freight corridors, like I-84, with local delivery providers and fleets, such as urban depot charging for light- and medium-duty vehicles. Additionally, FHWA has indicated that applications designed to build-out fuel corridors by expanding existing or adding new charging and fueling infrastructure for medium- and heavy-duty fleet vehicles will be rated as highly qualified in the review process.

If awarded, ODOT plans to use this grant to partner with a private entity to build up to four large charging stations, each ranging from 2 to 6 acres in size with 10 to 20 charging ports per acre, to serve medium- and heavy-duty fleet vehicles via a reservation or subscription service at a cost of approximately \$11.25 million each. One of these stations will likely be in The Dalles, another will be in Troutdale, while the remaining station will be sited in a commercial industrial area near the Port of Portland, a major corridor for fleet vehicles, but the exact locations are still to be determined. Additionally, ODOT plans to ensure that the private entity it contracts with meets the minimum standards as prescribed by the FHWA for the NEVI program, and that each of these locations will provide publicly available charging capacity for light duty fleet vehicles by providing a minimum of four charging ports capable of providing 150 kilowatts (kW) each simultaneously.

Grant Request:	\$ 38.0 million
Matching Funds:	<u>\$ 7.6 million</u>
Total Project Cost:	\$ 45.6 million

The required 20 percent match will be committed by selected private sector partners and will not impact the State Highway Fund. Recipients of CFI grant awards will not receive lump-sum cash disbursements at the time of the award announcement or obligation of funds. Instead, FHWA will reimburse CFI program grant funds to recipients after a project agreement has been executed, allowable expenses are incurred, and valid requests for reimbursement are submitted. FHWA is combining grant funds from 2022 and 2023 into one award cycle, with applications due May 30, 2023. FHWA will determine the grant year from which the funds are disbursed to each awardee, which will in turn determine the obligation and expenditure deadlines. All awards of fiscal year 2022 funding are available for obligation through September 30, 2025, and must be expended by September 30, 2030. All awards of fiscal year 2023 funding are available for obligation through September 30, 2026, and must be expended by September 30, 2031.

This project, focused on medium- and heavy-duty vehicle charging, is unlikely to move forward without the awarding of this grant. If awarded, ODOT may need to return for additional expenditure limitation; no additional positions will be needed.

ACTION REQUESTED

ODOT requests approval to submit a grant application to FHWA for \$38 million in IIJA funds.

LEGISLATION AFFECTED

None.

Sincerely,



Kristopher W. Strickler
Director