



Federal Aviation Administration

Memorandum

Date: April 4, 2025

To: Office of Airports Regional Directors, AXX-600s
Regional Airport Planning and Programming, AXX-610s
Airports District Office Managers, XXX-ADOs

From: Danielle J. Rinsler, Director, Airport Planning and Programming, APP-1

Subject: Reauthorization Program Guidance Letter (R-PGL) 25-02: AIP Discretionary Set Aside

DANIELLE J
RINSLER
Digitally signed by DANIELLE J
RINSLER
Date: 2025.04.04 12:58:10
-04'00'

This Reauthorization Program Guidance Letter (R-PGL) 25-02 explains and implements provisions in the FAA Reauthorization Act of 2024 (the 2024 Act) (P.L. 118-63) impacting the Noise and Environmental Set Aside in 49 U.S.C. § 47117(e)(1), now redesignated as the AIP Discretionary Set Aside (the Set Aside) based on the project types to be funded under the Set Aside. This R-PGL first discusses the overall changes to the Set Aside followed by other sections of the 2024 Act that modify eligibility of projects included under the Set Aside. Programs and project eligibility discussed in this R-PGL includes the Voluntary Airport Low Emissions (VALE) Program, Airport Zero Emissions Vehicle (ZEV) Program, the Environmental Mitigation Pilot Program (EMPP), new fueling infrastructure projects, and energy supply and redundancy projects.

This R-PGL is directed to Office of Airports staff for the purpose of helping them implement statutory changes. This R-PGL is not legally binding in its own right and will not be relied upon by the FAA as a separate basis for affirmative enforcement action or other administrative penalty. The FAA will update FAA Order 5100.38D, Change 1, *Airport Improvement Program (AIP) Handbook*, to reflect these statutory changes.

Please be advised that unless expressly noted below, Infrastructure Investment and Jobs Act (IIJA) eligibility is generally broader than and more inclusive than AIP eligibility. All other applicable Federal statutes, regulations, Executive Orders, policy, and guidance apply unless expressly provided for otherwise in this R-PGL. For all planning and programming purposes, including System of Airports Reporting (SOAR) actions, refer to the latest Regional Implementation Guidance (RIG).

This R-PGL addresses the following specific provisions:

Bill Section(s)	Topic	49 USC Section(s) impacted
717	AIP Discretionary Set Aside Funding	§ 47117
702(2)(D), (E); and 782	VALE Projects and Repeal of Emissions Credit Requirements	§ 47102(3) (K and L); and 47139
702(2)(F)	Energy Supply, Redundancy, and Microgrids	§ 47102(3)(P)
702(2)(G)	Fueling Systems	§ 47102(3)
722	ZEV Selection Criteria	§ 47136(c)
785	EMPP Extension	§ 47104 note

Section 717, AIP Discretionary Set Aside Funding

Section 717 amends 49 U.S.C. § 47117, *Use of Apportioned Amounts*, to revise the allocations of the discretionary fund under 49 U.S.C. § 47115, *Discretionary Fund*, through revisions to the Set Aside Programs established under 49 U.S.C. § 47117, *Use of Apportioned Amounts*, as follows:

1. At least 35 percent, but not more than \$200,000,000 of the discretionary fund per year for Fiscal Year (FY) 25 through FY 28 is to be used for noise and energy programs, with not less than two-thirds of amounts for grants to sponsors of small hub, medium hub, and large hub airports.
2. Although compatible land use plans remain eligible for discretionary funding, the Set Aside will no longer be used to fund compatible land use planning and projects carried out by state and local governments under 49 U.S.C. § 47141, *Compatible land use planning and projects by State and local governments*.
3. New project categories for airport development described in subparagraphs (O), (P), and (W) of § 47102(3), *Airport Development*, can now compete for funding under the Set Aside.
4. The former Reliever Set Aside of at least two-thirds of 1 percent for grants to sponsors of reliever airports has been eliminated and is no longer a Special Apportionment Category.
5. Paragraph (e)(3), *Priority*, under this section has been removed in its entirety and replaced by the Special Rule below. Thus, the Secretary can no longer give priority in making grants under paragraph (1)(A) to applications for airport noise compatibility planning and programs at Chicago O'Hare International Airport (ORD), LaGuardia

Airport (LGA), John F. Kennedy International Airport (JFK), or Ronald Reagan Washington National Airport (DCA).

6. A new Special Rule is added under paragraph (e)(3) that comes into effect in FY 2026. If the amount made available under paragraph (e)(1)(A) for the Set Aside was not equal to or greater than \$150,000,000 in the preceding fiscal year, the Secretary shall issue grants for projects eligible under the Set Aside from apportionment funds made available under 49 U.S.C. § 47114 in an amount not less than \$150,000,000 minus the amount made available under paragraph (1)(A) in the preceding fiscal year. This special rule is only triggered in a fiscal year when the total amount of the prior year's environmental set-aside was \$150,000,000 or less.

Implementation for Field Offices

Changes to eligibility for projects under the VALE and ZEV Programs that were previously eligible for funding from the Set Aside are discussed in the following sections of this R-PGL. Other than removing Compatible Land Use Plans as an eligible project, no other changes were made to projects previously considered eligible for funding under the Set Aside.

Several new project categories that can compete for funding under the Set Aside, and are also eligible for AIP and IIJA funding, were established as follows:

- 49 U.S.C. § 47102(3)(O), Acquisition and installation of facilities and equipment to provide air conditioning, heating, or electric power from terminal-based, nonexclusive use facilities to aircraft parked at a public use airport for the purpose of reducing energy use or harmful emissions as compared to the provision of such air conditioning, heating, or electric power from aircraft-based systems. This category of projects was previously eligible for AIP funding; however, it was not specified that this could be funded from the Set Aside.
- 49 U.S.C. § 47102(3)(P), On-airport projects to improve reliability and efficiency of the power supply of the airport or meet current and future electrical power demand and to prevent power disruptions to the airfield, passenger terminal, and any other airport facilities, including the acquisition and installation of electrical generators, renewable energy generation and storage infrastructure (including necessary substation upgrades to support such infrastructure), separation of the airport's main power supply from its redundant power supply, the construction or modification of airport facilities to install a microgrid (as defined in Section 641 of the United States Energy Storage Competitiveness Act of 2007 (42 U.S.C. § 17231)), and smart glass (including electrochromic glass). This category of projects was previously eligible; however, it was not specified that this could be funded from the Set Aside (refer to discussion on Section 702(2)(F) below).

- 49 U.S.C. § 47102(3)(W), Construction or acquisition of such airport-owned infrastructure or equipment, notwithstanding revenue producing capability of such infrastructure or equipment, as may be required for—
 - The on-airport distribution or storage of unleaded aviation gasoline for piston-driven aircraft, including on-airport construction or expansion of pipelines, storage tanks, low-emission fuel systems, and airport-owned fuel trucks providing exclusively unleaded aviation fuels (unless the Secretary determines that an alternative fuel may be safely used in such fuel truck for a limited time); or
 - Fueling systems for type certificated hydrogen-powered aircraft.

This is a new category of projects established by Section 702(2)(G)(W) of the 2024 Act (refer to discussion below) and is included among eligible projects under the Set Aside.

Projects that meet the definitions above, including the newly established definition for fueling infrastructure, will be considered for funding out of the Set Aside.

Revisions to Guidance Documents

The changes to the AIP associated with Section 717 will require several policy updates, including updates throughout the AIP Handbook to reflect these changes. Anticipated revisions include: changes to Table 4-1 to update the description of the Set Aside funding levels and remove the Reliever Set Aside; changes throughout Chapter 4 to remove references to the Reliever Set Aside; changes to Chapter 6 (in addition to those discussed in the VALE Projects and Repealing Emissions Credits Requirements sections) to incorporate fueling infrastructure guidance; changes to Appendix R to remove references to Compatible Land Use Plans by State and local governments and subsequent relocation of the discussion of these projects to the appropriate appendix; changes to Appendix S or a potential new appendix to address fueling infrastructure in accordance with 49 U.S.C. § 47102(3)(W). Further guidance regarding the application of the Special Rule may also be established as needed.

Section 702(2)(D), (E), VALE Projects, and Section 782, Repeal of Emissions Credits Requirements

Sections 702(2)(D) and (E) amend 49 U.S.C. § 47102(3), subsections (K) and (L). Subsection (K) describes projects to construct or modify airport facilities to provide low-emission fuel systems, gate electrification, and other air quality improvements at commercial service airports. Subsection (L) describes projects at commercial service airports to acquire airport-owned vehicles or ground support equipment with low-emission technology. Acquired vehicles must be used exclusively on airport property and used exclusively to transport passengers and employees between the airport and the airport's consolidated rental car facility or an intermodal surface transportation facility adjacent to the airport. Collectively, definitions (K) and (L) relate to eligibility under the VALE Program.

Section 782 amends 49 U.S.C. § 47139, Emission Credits for Air Quality Projects. The text is modified such that Airport Emission Reduction Credits (AERCs) are no longer a requirement for projects that receive funding under the VALE Program. Airport sponsors, including sponsors in areas designated as in attainment for the National Ambient Air Quality Standards, may receive AERCs to offset future emissions for projects moving forward, but are no longer required to do so. Additionally, the authorized use of AERCs has been expanded to include State Implementation Plans. Under the FAA Reauthorization Act of 2018 (P.L. 115-254), sponsors were required to demonstrate their ability to receive AERCs rather than having letters of commitment at the time of the final application submittal; however, this section of 49 U.S.C. § 47139 has been stricken.

Projects under the VALE Program are now open to all commercial service airports regardless of air quality attainment status and ability to receive AERCs. In the past, VALE project eligibility was conditioned upon the airport being located within an air quality nonattainment or maintenance area, as defined by the Clean Air Act, and the ability to receive AERCs.

Implementation for Field Offices

Any sponsor for a commercial service airport can now be considered for projects that will modify airport facilities to provide low-emission fuel systems, gate electrification, and other related air quality improvements under the VALE Program. Airport sponsors will no longer be required to apply to their state for a determination on their project's AERC eligibility; however, sponsors may still pursue AERCs for the benefit of potentially offsetting future airport emissions. Projects will still need to demonstrate a reduction in emissions for a criteria pollutant defined by the Clean Air Act to be found eligible.

Revisions to Guidance Documents

The FAA will work with the U.S. Environmental Protection Agency (EPA) to update the VALE Technical Report to reflect that **all** commercial service airports can be considered for projects under the VALE Program and that AERCs are no longer required. Changes to the AIP Handbook will reflect both VALE provisions as modified by section 702(2) as follows:

1. In Paragraph 6-53 of the AIP Handbook, the existing table of legislative references is replaced by the following:

“Sections 702(2)(D), 702(2)(E), and 782 of the 2024 Act eliminated the requirements in 49 U.S.C. §§ 47102(3)(K) and (L) that the airport be located in an air quality nonattainment or maintenance area as defined by the Clean Air Act and requirements that the sponsor demonstrate they would be able to receive the appropriate emissions credits described in 49 U.S.C. § 47139. All commercial service airports are eligible to apply for VALE funding.”
2. Pursuant to these changes, Paragraph 6-54 of the AIP Handbook is revised to eliminate the prior requirement that the airport be located in a nonattainment or maintenance area designated by the EPA.

Accordingly, in Appendix S of the AIP Handbook, Lines k(4) and l(4), the requirement that an airport be able to receive emission credits is replaced with an acknowledgment that the airport can apply for emission credits.

Section 702(2)(F), Energy Supply, Redundancy, and Microgrids

Section 702(2)(F) amends 49 U.S.C. § 47102(3)(P) to clarify eligible costs under the Energy Supply, Redundancy, and Microgrids Program, by establishing eligibility for:

1. Smart glass (including electrochromic glass)
2. Renewable energy generation and storage infrastructure, as well as necessary supporting upgrades. Such generation and storage infrastructure can now be eligible separately and not necessarily with the goal of installing a microgrid.
3. Projects that meet “current and future electrical demand.”

Note that a completed energy assessment as authorized under § 47140, meeting current (from time of FAA award to 5 years) and future (more than 5 years from FAA award) energy power demand, would be required to determine if a project will address “future” demand.

Implementation for Field Offices

Energy Supply and Redundancy: Examples of potentially eligible projects to improve reliability and efficiency of the power supply of the airport or meet current and future electrical demand include a broad range of airfield, passenger terminal, and other airport facility projects, such as:

- acquisition and installation of electrical generators;
- renewable energy generation and storage infrastructure (including necessary substation upgrades to support such infrastructure, for on-airport and airport owned substations only);
- separation of the airport’s main power supply from its redundant power supply; and
- construction or modification of airport facilities to install a microgrid and smart glass.

Despite the broad eligibility conferred by this provision (e.g., a broad range of “airfield, passenger terminal, and other airport facility projects”), AIP justification rules still apply. For instance, a project producing power to be partially utilized by tenant facilities (e.g., rental car facilities) that are not eligible for federal financial assistance would have to be prorated accordingly. The AIP Handbook contains guidance on proration.

Section (6)(f) of Table C-2 in the AIP Handbook currently states:

Extra Generators or Air Compressors. Only one fixed emergency generator and *one* fixed air compressor of sufficient size to operate the Aircraft Rescue and Firefighting (ARFF) bay system and to maintain the readiness of self-contained breathing apparatus (SCBA) are allowable (*emphasis added*).

Given the broad language in the following phrase of 49 U.S.C. § 47102(3)(P): “to improve reliability and efficiency of the power supply of the airport *or meet current and future electrical demand* and to prevent power disruptions to the airfield, passenger terminal, and any other airport facilities,” there is no statutory limitation on the number of equipment components to be funded within a particular type.

Given 49 U.S.C. § 47102(3)(P), in the ARFF example above, a request for funding of a second generator could be approved, but only if prorated to cover only the portions of the ARFF building, and airport facilities, that are AIP-eligible and justified (e.g., excluding office space and exercise facilities). This second generator could be limited in size to cover only those eligible portions, or it could cover additional facilities and be prorated to cover only AIP-eligible and justified facilities. More than one generator can be eligible if demonstrated to be more cost effective or practical than a single generator.

Microgrids: It is important to note that a microgrid can contain multiple components. For example, a microgrid could include energy generation supported by battery storage, given both are distributed energy resources (DER) as defined by the Department of Energy, and the resulting combination allows the system to operate in islanding mode (disconnected from, and independent of, the overall utility electrical grid). It is not necessary to fund all components of a microgrid simultaneously; therefore, under this example, one component, such as renewable energy generation, could be funded separately from the battery storage. However, if the project is funded under the AIP, the stand-alone acquisition of the components described below must result in an AIP-eligible usable unit of work, following all standard grant application processes and requirements. Two examples follow:

- (1) Airport has a renewable energy system yet seeks battery storage to create a microgrid. Funding is eligible since both components (e.g., generation and storage) create a microgrid.
- (2) Airport has no renewable energy system but seeks a battery for a future microgrid or for energy supply and redundancy. Funding is only eligible as part of a microgrid if the battery would be used to link to an existing generator (e.g., gas powered) or is being procured as part of the same project that results in a usable microgrid.

The definition emphasizes energy efficiency and reliability; however, there is no requirement that the energy produced be from renewable or low emission sources. For example, diesel- and gas- powered generators would be eligible.

Other Considerations: The statutory phrase “improve reliability and efficiency of the power supply... prevent power disruptions” may also be addressed through an on-airport power

generation project not connected to a microgrid. An example of an eligible project is replacement of an electrical substation or electricity vault to ensure it is above the floodplain elevation or otherwise sited or designed to ensure safety or to create greater resilience to mitigate against disruptions from natural hazards.

The new statutory language makes eligible a project to improve “future electrical demand and to prevent power disruptions to the airfield, passenger terminal, and any other airport facilities.” For projects premised upon future electrical demand, sponsors need to provide justification by conducting an energy assessment under 49 U.S.C. § 47140.

Revisions to Guidance Documents

Eligibility and justification requirements will be updated in the upcoming AIP Handbook update. Specifically, the FAA will update Chapter 6 in the AIP Handbook to reflect these provisions.

Section 702(2)(G), Fueling Systems

Section 702(2)(G) amends 49 U.S.C. § 47102(3) and adds a new subsection (W) to establish eligibility for construction or acquisition of certain airport-owned infrastructure or equipment for on-airport distribution or storage of unleaded aviation gasoline for piston-driven aircraft and hydrogen fueling systems for type certificated hydrogen-powered aircraft.

Implementation for Field Offices

In accordance with this section, revenue-generating and airside needs test requirements that normally apply to AIP eligibility do not apply to covered infrastructure or equipment, including “on-airport construction or expansion of pipelines, storage tanks, low-emission fuel systems, and airport-owned fuel trucks providing exclusively unleaded aviation fuels (unless the FAA determines that an alternative fuel may be safely used in such fuel truck for a limited time); or fueling systems for type certificated hydrogen-powered aircraft.”. Covered projects are now an exception to general revenue generating and airside needs test requirements in the AIP Handbook, including requirements stated in:

- Table 4-5, *Project Restrictions by Fund Type*, restrictions throughout
- Table C-2, *Examples of Prohibited Projects/Costs for Construction*, row 42, Prohibition on revenue producing aeronautical support facilities
- Section D-2, *Airfield Needs Requirements for Revenue Producing Aeronautical Support Facilities*, requirements in 49 U.S.C. § 47110(h)
- Table D-1, *Miscellaneous Project Requirements*, row c: Fuel Farms (Construct or Improve)

Revisions to Guidance Documents

Eligibility and justification requirements will be updated in the upcoming AIP Handbook update. Specifically, the FAA will update Table D-1(c) in the AIP Handbook to reflect this provision.

Section 722, ZEV Selection Criteria

Section 722 amends subparagraphs included under the selection criteria in 49 U.S.C. § 47136, Zero-emission airport vehicles and infrastructure. Subparagraph (c) of § 47136 establishes the means to prioritize selection of applications received under the Airport ZEV and Infrastructure Pilot Program. The previous priority selection factor, achieving the greatest air quality benefits measured by the amount of emissions reduced per dollar of funds expended under the program, is retained and renumbered as subparagraph (c)(1). A new selection factor has been added as subparagraph (c)(2) wherein priority consideration is given to applicants that provide long-term management plans for eligible vehicles and equipment.

Implementation for Field Offices

Applicants for project funding under the ZEV Program should include management plans for eligible vehicles and equipment that detail existing and future infrastructure requirements related to ZEVs and equipment to the extent they have been developed for the airport. These long-term management plans will also be eligible as stand-alone planning studies or components of larger planning studies, such as Master Plan Updates, in accordance with the consideration of airport planning under the definition of airport development in 49 U.S.C. § 47102(3).

Revisions to Guidance Documents

The FAA will update the AIP Handbook to reflect these changes. The FAA will also update its Airport ZEV Program Technical Guidance to reflect changes to the program regarding selection criteria.

Section 785, EMPP Extension

Section 785 amends a note establishing the EMPP under 49 U.S.C. § 47104, Project Grant Authority. The primary purpose of the EMPP is to provide grants to sponsors of public use airports. It is open to environmental mitigation projects that will measurably reduce or mitigate aviation impacts on noise, air quality, or water quality at the airport or within five miles of the airport. The first part of the amended note, pertaining to subsection (a) of the original text, inserts the phrase “in each fiscal year” after “6 projects”. This essentially states that there may be up to six projects in each fiscal year that receive funding under the EMPP. The second part of the note, pertaining to subsection (i) of the original text, replaces “5 years...” with “on October 1, 2028”. This change extends the duration of the pilot program until October 1, 2028, rather than the original sunset date of five years following the FAA’s first grant approval in the program.

Implementation for Field Offices

The change in the statute does not impact the core functions of the EMPP, other than extending the duration of the program (October 1, 2028) and specifying the funding of up to six projects per fiscal year. The EMPP will continue to operate as described in R-PGL 19-04: New Pilot Programs.

Revisions to Guidance Documents

The FAA will update the AIP Handbook to reflect these changes.