VW Settlement Forum

U.S. DEPARTMENT OF ENERGY | Energy Efficiency & Renewable Energy

East West Gateway AQAC Meeting

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Funding Breakdown

U.S. EPA complaint against Volkswagen, AG regarding Clean Air Act violations in approximately 580,000 model year 2009 to 2016 motor vehicles containing 2.0 and 3.0 liter diesel engines.

Last December, Volkswagen agreed to spend up to $14.7 billion to settle allegations of cheating emissions for the **2L engines**. Settlement funds will be used to reduce NOx emissions with three projects:

- Vehicle buyback and modification (consumers)
- Zero Emission Vehicle investment (national and CA)
- Environmental Mitigation Trust (states)

ZEV Investment: The National Plan

The Volkswagen Group of America created Electrify America LLC, a wholly-owned subsidiary, to fulfill its Appendix C commitments.

The investment: $1.2 billion to be spent in $300 million increments over four 30-month cycles. The report "National ZEV Investment Plan" at www.electrifyamerica.com describes the $300 million in investments that will be made in the first 30-month cycle.

Cycle 1	Cycle 2	Cycle 3	Cycle 4
(Q1 2017 – Q2 2019)	**(Q3 2019 - Q4 2021)**	**(Q1 2022 – Q2 2024)**	**(Q3 2024 – Q4 2026)**
$300M	**$300M**	**$300M**	**$300M**

Environmental Mitigation Trust

$2.7 billion will be placed in an Environmental Mitigation Trust, and will be allocated to beneficiaries (states, tribes, and certain territories) based on the number of impacted VW vehicles in their jurisdictions

- The Trust will support projects that reduce NOx emissions where the VW vehicles were, are, or will be operated.
- To become a beneficiary, each eligible beneficiary must file a single Certification Form no later than 60 days after the Trust Effective Date
  - Each form must include a **designation of Lead Agency**, certified by the Office of the Governor, indicating which agency, department, office or division will have the delegated authority to act on behalf of each state

- **Missouri allocation: $39,084,815**
- **Illinois allocation: $97,701,054**

“Second Partial Consent Decree” for 3.0 Liter Subject Vehicles

Department of Justice web page (U.S. District Court)

- http://www.cand.uscourts.gov/vwmdl/proposed-settlement-3-liter

Proposed activity is to add a proportionate share of the total value of the mitigation action ($225,000,000) to each state’s Environmental Mitigation Trust.

- Missouri (3.0L) $2,067,236
  - **MO potential total** **$41,152,051**
  - Illinois (3.0L) $10,978,623
  - **Illinois Potential total** **$108,679,677**

Environmental Mitigation Trust: Timeline

- State assigns beneficiary agency
  - Takes in constituent feedback
- State makes high-level policy decisions
  - What % does state keep for its fleet?
  - What % for local government? For private/commercial?
  - What policies will drive its funding decisions?
- State releases detailed mitigation plan

Environmental Mitigation Trust: Accessing and Spending Allocations

- Beneficiaries have up to 10 years to spend 80% of their allocation, and up to 15 years to spend 100% of their allocation
  - Beneficiaries may request up to one-third of its allocation during the first year, and up to two-thirds of its allocation during the first two years
- Beneficiaries can submit requests for Eligible Mitigation Action funding at any time (Appendix D, Sec. 5.2 for additional details)
  - Funding must be approved, approved with modification, or denied within 60 days
- Beneficiaries may use its DERA proposal as its funding requests for Actions that are funded through the DERA option
- Two or more beneficiaries may submit a joint request for Eligible Mitigation Action funds
- Beneficiaries must submit a semiannual report
- Occasional reapportionment of unused funds.

Environmental Mitigation Trust: Eligible Mitigation Actions

Trucks & Buses

Eligible Large Trucks

- 1992-2009 model year Class 8 Local Freight or Drayage
- Eligible Large Trucks must be scrapped, and may be Repowered or replaced with any new diesel, alternative fueled, or all-electric engine

Eligible Buses

- 2009 model year or older Class 4-8 school buses, shuttle buses, or transit buses
- Including buses under contract to
- Eligible buses must be scrapped, and may be Repowered or replaced with any new diesel, alternative fueled, or all-electric engine

Eligible Medium Trucks

- 1992-2009 model year Class 4-7 Local Freight Trucks
- Eligible medium trucks must be scrapped, and may be Repowered or replaced with any new diesel, alternative fueled, or all-electric engine

…and Eligible Freight Switchers

- Pre-Tier 4 switcher locomotives that operate 1000 or more hours per year
- Eligible Freight Switchers must be scrapped, and may be Repowered or replaced with any new *diesel, alternative fueled*, or all-electric engine or Freight Switcher that is certified to meet applicable EPA emissions standards

Environmental Mitigation Trust: Eligible Mitigation Actions

Trucks and Buses (and Freight Switchers)	Percentage of Project That Can Be Funded Through Trust	
	Government-Owned Eligible Trucks and Buses, or Buses Under Contract with Public School District	Non-Government Owned Eligible Trucks and Buses
Repower with new diesel or AFV engine	Up to 100%	Up to 40%
Purchase new diesel or AFV vehicle	Up to 100%	Up to 25% (50% for drayage trucks)
Repower with all-electric engine, including infrastructure	Up to 100%	Up to 75%
Purchase new all-electric vehicle, including infrastructure	Up to 100%	Up to 75%

Environmental Mitigation Trust: Eligible Mitigation Actions

EVSE	Percentage of Project That Can Be Funded Through Trust
EVSE - **publicly available** at government owned property	100%
EVSE - publicly available at non-government owned property	80%
EVSE - at **workplace** but not available to general public	60%
EVSE - at **multi-unit dwelling** but not available to general public	60%
FCVSE - publicly available and able to dispense at least 250kg/day	33%
FCVSE - publicly available and able to dispense at least 100kg/day	25%

Light Duty Zero Emission Vehicle Supply Equipment

- May use of to 15% of its allocation of Trust Funds on the costs to acquire, install, operate and maintain new light duty ZEV supply equipment. Eligible projects include:
  - Level 1, Level 2 or DC fast chargers located in a public place, workplace, or multi-unit dwelling
  - Hydrogen fuel cell supply equipment, including hydrogen dispensing equipment that is located in a public place

Environmental Mitigation Trust: Eligible Mitigation Actions

	Percentage of Project That Can Be Funded Through Trust	
	Government-Owned Ferries and Tugs	Non-Government Owned Ferries and Tugs
Repower with new diesel, AFV engine	100%	40%
Repower with all-electric engine, including infrastructure	100%	75%

Eligible Ferries/Tugs

- Unregulated, Tier 1 or Tier 2 marine engines
- Eligible ferries and tugs must be scrapped, and may be Repowered with any new Tier 3 or Tier 4 diesel, alternative fueled, or all-electric engines or may be upgraded with an EPA Certified Remanufacture System or an EPA Verified Engine Upgrade

NASEO Mitigation Plan Toolkit - Contents

Naseo.org then publications

Plan Considerations for Beneficiaries: Goals and Policy Objectives .....

Plan Considerations for Beneficiaries: Overview of Repower or Replacement Options ..

Diesel Repower or Replacement.....

Alternative Fuel: Propane Autogas .....

Alternative Fuel: Natural Gas.....

All-Electric and Hybrid-Electric Vehicles .....

Plan Considerations for Beneficiaries: Emissions Calculation Tools .....

GREET.....

AFLEET.....

MOVES .....

Diesel Emissions Quantifier .....

10 Eligible Mitigation Actions from Final Consent Decree .....

1) Class 8 Local Freight Trucks and Port Drayage Trucks (Eligible Large Trucks) .....

Success Story: City of Milwaukee's Department of Public Works .....

2) Class 4-8 School Bus, Shuttle Bus, or Transit Bus.....

Success Story: Propane School Buses .....

Recommendations for the State of Missouri

Station Investment

Indirect / leveraged

With deliberate planning involving station installers and fleet operators

- leverage the Trust to encourage third-party investment in new CNG and propane stations in freight handling districts, and
- use FHWA-designated AFV Corridors as a guide along heavily traveled corridors.

Reduce overall emissions from new and older diesels along major highway corridors by increasing the use of biodiesel at diesel retail locations through incentives or mandates requiring higher biodiesel blends.

Direct

In freight handling districts, invest in systemic upgrades to electrify freight handling equipment.

Recommendations for the State of Missouri

Vehicle Replacement

Encourage replacement of diesel vehicles with vehicles fueled by American fuels, i.e. electric, propane, natural gas or biodiesel.

Judiciously distribute vehicle replacement funds in communities with established AFV stations.

Replace vehicles in urban neighborhoods, where frequent and prolonged presence in communities can result in more concentrated exposures to diesel emissions over time, including transit operators.

Fairly distribute vehicle replacement funds throughout the state based on where the violating vehicles were/are registered, and not just concentrated in urban areas.

In freight-handling districts, electrify yard trucks (i.e. yard hostlers, terminal trucks, etc).

Upgrade government fleets

- require a local match to maximize impact of funds
- strategically in areas of greater financial need

Require fleet operators to engage in, or provide documentation of, reasonable fleet planning activities

Thank you

How would you use VW (and other Clean Air Act) settlement funds?

http://tinyurl.com/z4r4a7l

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