



Volkswagen Settlement

Potential Use of Mitigation Trust Funds

December 16, 2016

Agenda

- ▶ How the VW Violations Were Discovered
- ▶ Overview of the Consent Decree
- ▶ Appendix D: Mitigation Trust Fund
- ▶ NHDES Preliminary Proposal

Regulatory EPA Emission Test

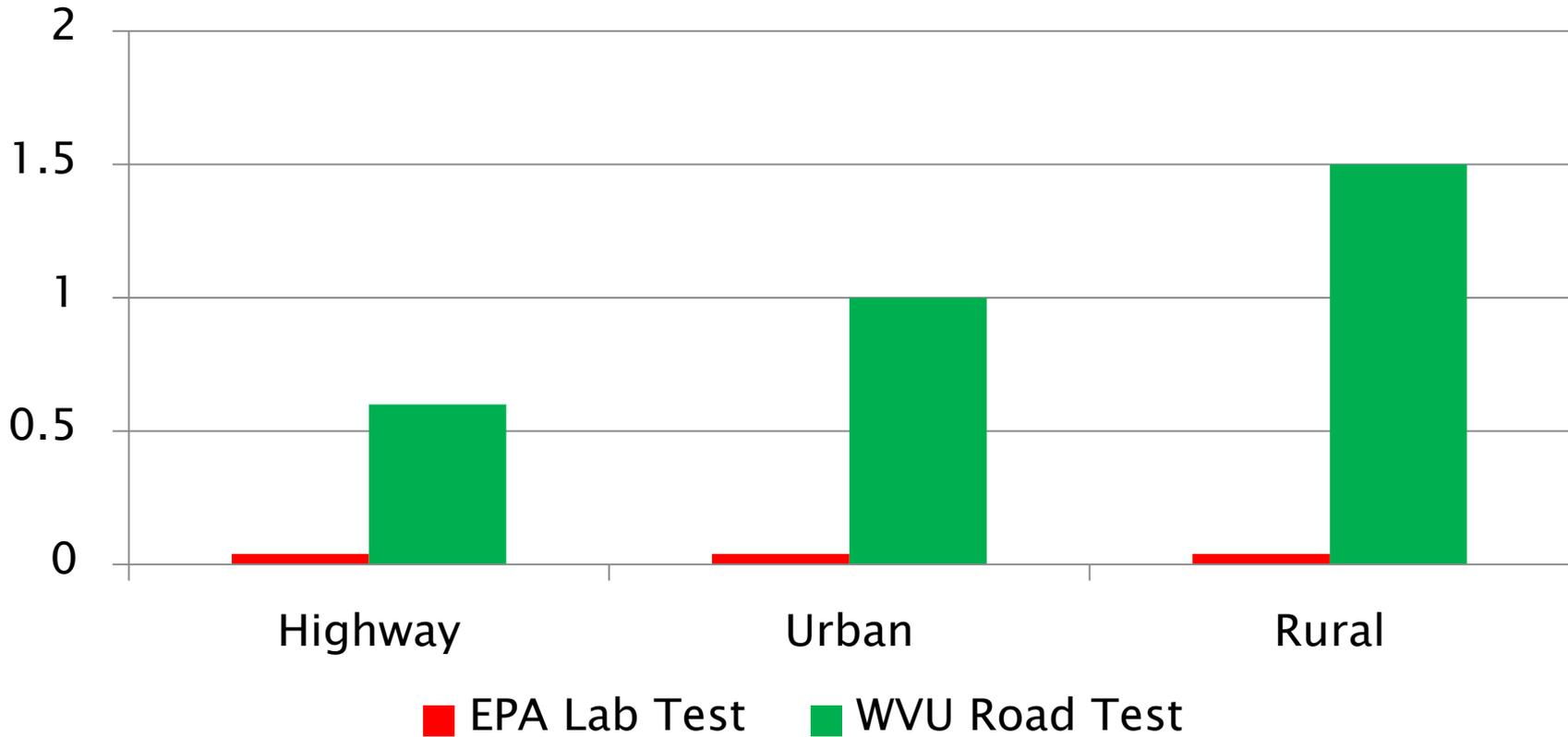


WVU Road Emission Test



2011 VW Jetta Test Results

(NOx Emissions – grams/kilometer)



Overview of the Consent Decree

- ▶ On June 28, the United States lodged with the Court a settlement that partially resolves allegations that Volkswagen violated the Clean Air Act by the sale of approximately 500,000 vehicles containing 2.0 liter diesel engines equipped with defeat devices
- ▶ CD Entered by the Court on October 25, 2016
- ▶ The settlement consists of three major components:
 - Buyback or emissions modification on at least 85 percent of the subject vehicles (Appendices A & B)
 - \$2.7 billion to fully remediate the excess NOx emissions from the subject vehicles (Appendix D)
 - Invest \$2 billion to promote the use of zero emission vehicles and infrastructure (Appendix C)

Appendix D: Mitigation Trust Fund

- ▶ Mitigation trust fund is intended to fully mitigate the excess NOx emissions from the 2.0 liter vehicles
- ▶ Each beneficiary will receive an allocation of funds that can be used for any of the listed eligible mitigation actions
- ▶ The allocation is primarily based on the number of Volkswagen 2.0 Liter Subject Vehicles registered within the jurisdictions of the beneficiaries

Timing of the Mitigation Trust

- ▶ October 25: Consent Decree finalized
- ▶ May take months to choose Trustee, set up Trust
- ▶ “Trust Effective Date” – when the Trustee is formally put in place
- ▶ TED + 60 = Deadline for States to certify as Beneficiaries
- ▶ States have 90 days after becoming Beneficiary to write Mitigation Plans
- ▶ Beneficiaries may have access to funds by mid-2017

Beneficiary Mitigation Plan

- ▶ a) Explain the Beneficiary's overall goal for the use of the Trust funds
- ▶ b) Describe the NOx reductions the Beneficiary expects its plan to achieve
- ▶ c) List the categories of Projects the Beneficiary intends to implement
- ▶ d) Explain how the Beneficiary will consider benefits to air quality in communities with a disproportionate air pollution burden and explain how it will seek and consider public input; and
- ▶ e) Make other statements to allow the public and the Trustee to better understand the goals of the plan

Allowed expenditure of Trust funds

- ▶ Beneficiaries may only use their allocation of Trust funds for projects listed in Appendix D
- ▶ Must follow cost-sharing guidelines
- ▶ Projects otherwise required by state or federal law are not eligible for Trust funds
- ▶ Beneficiaries may use Trust funds for administrative costs, but administrative costs cannot exceed 15% of allocation amount

Eligible Mitigation Projects

1. **Class 8 Local Freight Trucks and Port Drayage Trucks**
 - Engine MY 1992-2009 – replace or repower
 - 25% non-gov't, 100% gov't
2. **School, Shuttle and Transit Buses**
 - Engine MY 2009 or older Class 4-8
 - 40% non-gov't, 100% gov't
3. **Freight Switchers**
 - Pre-Tier 4 operating 1000 hrs/year – repower or replace
 - 25% non-gov't, 100% gov't

Eligible Mitigation Projects – cont.

4. Ferries and Tugs

- Unregulated, Tier 1 and Tier 2 engines – repower or upgrade
- 75% non-gov't, 100% gov't

5. Ocean Going Vessels Shorepower System

- 25% non-gov't, 100% gov't

6. Class 4-7 Local Freight Trucks

- Engine MY 1992-2009 – replace or repower
- 25% non-gov't, 100% gov't

Eligible Mitigation Projects – cont.

7. Airport Ground Support Equipment
 - Tier 0, Tier 1 or Tier 2 diesel or spark-ignition – replace or repower with electric
 - 75% non-gov't, 100% gov't
8. Forklifts and Port Cargo Handling Equipment
 - >8000 lb. capacity forklifts and cargo handlers - repower or replace with electric
 - 75% non-gov't, 100% gov't
9. Diesel Emission Reduction Act
 - Use as non-federal match for EPA DERA funds
 - Can be used for any DERA-eligible project
 - Includes construction and other non-road diesel equipment

Eligible Mitigation Projects – cont.

10. Light Duty Zero Emission Vehicle Supply Equipment (EVSE)
 - Level 1, level 2 or fast charging electric vehicle supply equipment located in public place, workplace or multi-unit dwelling
 - Light duty hydrogen fuel cell vehicle supply equipment
 - Percent of eligible project cost varies by location and technology

Purpose of the Trust

“It shall be the purpose of the Mitigation Trust to fund Eligible Mitigation Actions to be proposed and administered by the Beneficiaries subject to the requirements of the Consent Decree and this Trust Agreement. The goal of each Eligible Mitigation Action shall be to achieve reductions of NOx in the United States.”

NHDES Proposal

- Do not exclude any Eligible Mitigation Actions allowed by the Consent Decree.
- Utilize the allowable portion of the funds (15%) for development of EV charging infrastructure to support EV travel within and through New Hampshire.

Project Selection Criteria

- ▶ Minimum project size?
- ▶ Focus on public fleets?
- ▶ Require matching funds for all projects?
- ▶ Should we use a portion of funds to expand DERA program? How much?
- ▶ Operation just within New Hampshire or throughout the region?

Determining Air Pollution Burden

- ▶ Traffic volume?
- ▶ Demographics?
- ▶ Population density?
- ▶ Minority population?
- ▶ Economic data?
- ▶ Sensitivity of receptors?

Quantifying Project Benefits

- ▶ What process and tools should be used for determining emissions benefits of proposed projects?
- ▶ Should other benefits, such as improved mobility for certain populations, or economic benefits be part of the selection criteria? If so, how might those impacts be determined?

Timeline

- ▶ November 29, 2016 – public forum
- ▶ January 15, 2017 – comments due
- ▶ February 1, 2017 – Notice of Interest requested
- ▶ March/April – draft Beneficiary Mitigation Plan will be released for additional review and comment
- ▶ May/June – Final plan submitted to Trustee

Your Thoughts?

Please submit written comments to:

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