



Volkswagen Beneficiary Mitigation Plan Overview

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VW BMP Public Meeting, December 13, 2017

Meeting Agenda

- 10:30 – 10:40 – Sign in
- 10:40 – Welcome and Instructions for providing verbal comments
- 10:45 – Brief Overview of Vermont's Draft BMP and how to submit comments in writing
- 11:15 – Public Comment, in order of sign-up sheet
- 12:30 – Adjourn

Introduction

- The unlawful actions by Volkswagen (VW) resulted in drastic increases in NOx emissions from their light duty diesel engines, of up to 40 times the EPA standard
- VW – EPA Partial Settlement: \$2.7 billion Environmental Mitigation Trust
- Vermont is a **beneficiary** of the Trust - \$18.7 million allocation
- Consent decree requires that the goal of each Eligible Mitigation Action authorized by the Trust shall be to achieve reductions of NOx emissions in the United States
- Vermont will have access to 1/3 of funding in the first year, 2/3 in the second year, and total allocation in third year. We have 10 years to spend the allocation or the money reverts back to Trust.
- Other relief coming to Vermonters: Consumer buy-back program for affected vehicle owners; \$4.2M State Environmental Settlement

Public Health & Environmental Benefits of Emissions Reductions in Vermont

- The VW Environmental Mitigation Trust focuses on projects that result in NOx emissions reductions
- NOx emission reductions are associated with benefits to public health
 - Human health impacts include irritation of respiratory tract and the worsening or triggering of asthma
- Co-benefits of NOx reductions include decreases in concentrations of:
 - Fine particulate matter (PM_{2.5})
 - CO₂
 - Ground-level ozone
 - Nitric acid
 - SO₂
 - CO
 - Air toxics (e.g., benzene, formaldehyde, diesel particulates, etc.)

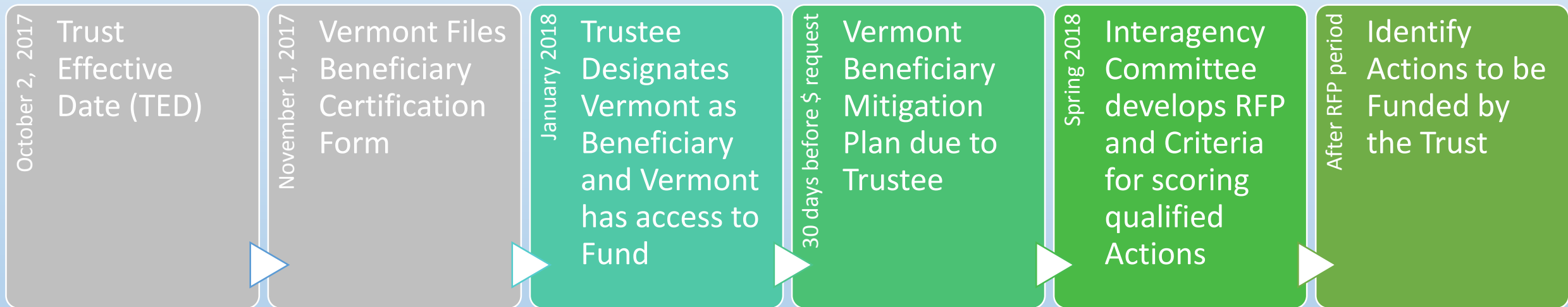
What is the Beneficiary Mitigation Plan (BMP)?

- A legal document that Vermont is required to submit to the Trustee and that includes the following:
 - Section I: Vermont's overall goal for the use of its allocation under the EMT;
 - Section II: The categories of Eligible Mitigation Actions that Vermont anticipates will be appropriate to achieve the stated overall goal;
 - Section III: How Vermont will consider the potential beneficial impact of the selected Eligible Mitigation Actions on air quality in areas that bear a disproportionate share of the air pollution burden within Vermont; and
 - Section IV: The expected ranges of emission benefits Vermont estimates will be realized by implementation of the Eligible Mitigation Actions.

What the BMP is not

- A Request for Proposals (RFP)
 - An RFP will be developed and issued in 2018
- A list of project selection criteria for scoring project applications
 - Project selection criteria will be in the RFP
- A plan for determining the specific monetary allocations towards each project application

Timing



Section I: Vermont's Overall Goal for Use of Beneficiary Mitigation Fund Allocation

REDUCE	DEMONSTRATE	MAXIMIZE
<p>REDUCE NO_x emissions from mobile sources, eligible for replacement or repower, in the most cost-effective way possible</p>	<p>DEMONSTRATE market viability of all-electric or other NO_x mitigating alternatively fueled heavy-duty and transit vehicles</p>	<p>MAXIMIZE public and private investment in electric vehicle charging infrastructure</p>

Shaping the project selection criteria

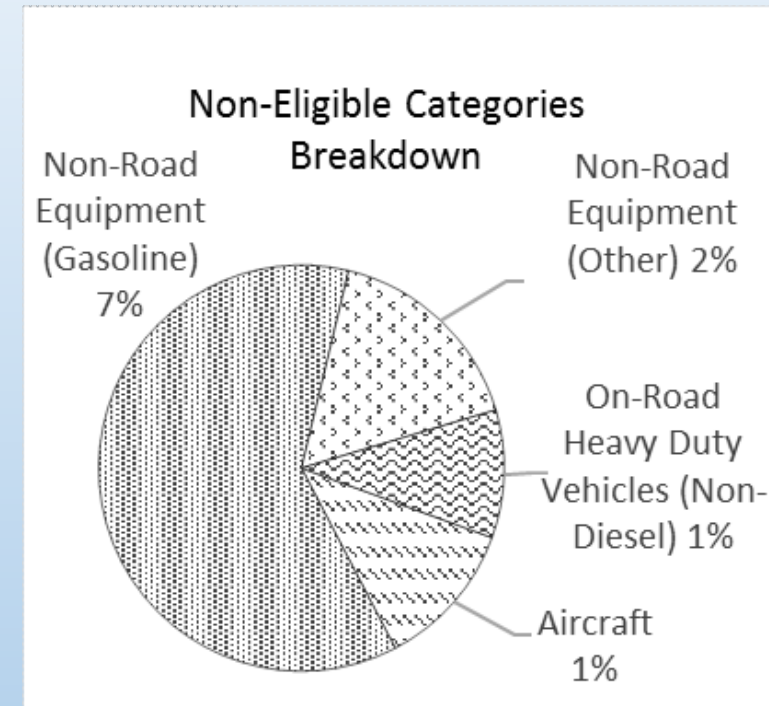
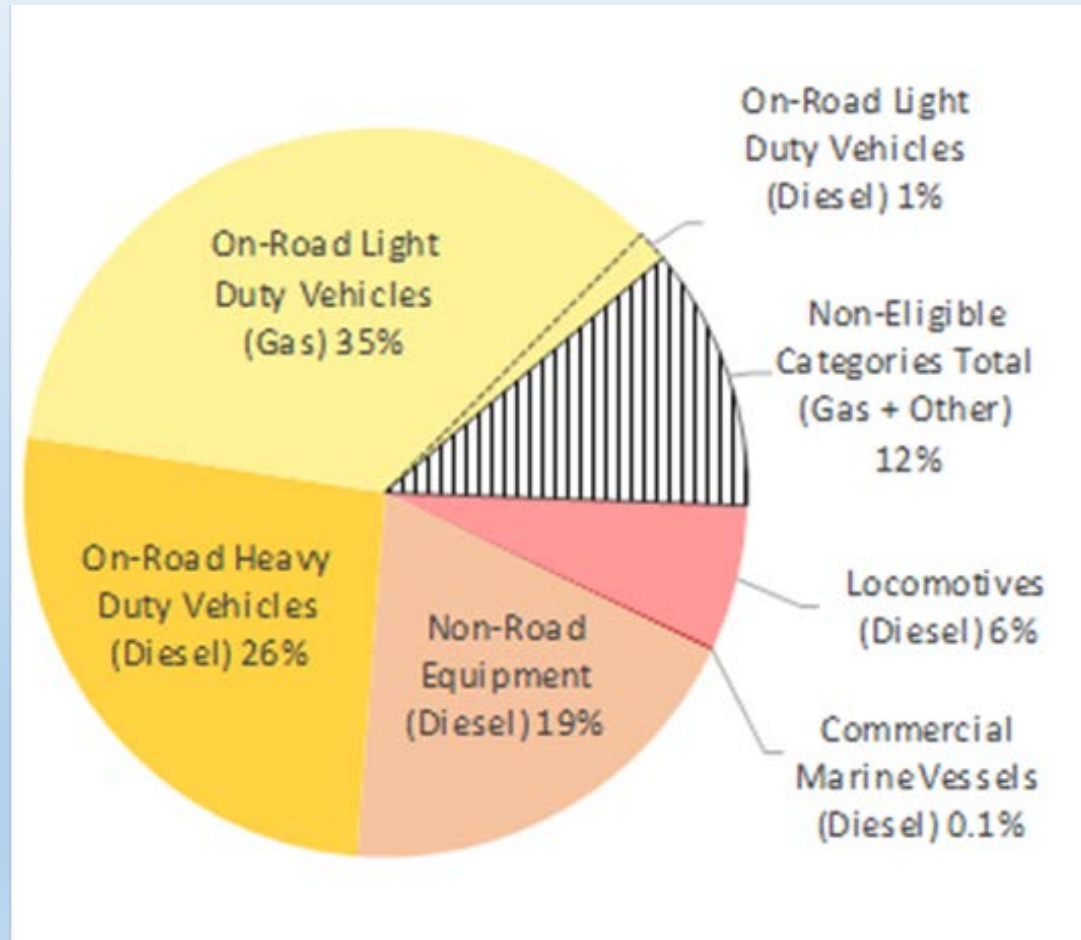
- Project qualification will be based on a proposed project's compliance with the Eligible Mitigation Actions (see Section II) described in Appendix D of the partial settlement.
- Project prioritization will consider whether certain categories or types of eligible mitigation actions should be funded before others.
- Project selection criteria will be based primarily on Vermont's overall goal for use of its allocation of the EMT, as described above, and other objective criteria that reflect project priorities.

Section II: Eligible Mitigation Actions

- Light Duty Electric Vehicle Supply Equipment
- On-road Heavy Duty Diesels
 - Class 8 Local Freight Trucks
 - Class 4-8 School Bus, Shuttle Bus or Transit Bus
 - Class 4-7 Local Freight Trucks
- Non-road equipment
 - Eligible airport ground support equipment
 - Eligible forklifts
- Locomotive Freight Switchers
- Marine Vessels
- Projects eligible for Federal Diesel Emission Reduction Act funding



Sources of NOx Emissions in Vermont



Note: Totals may not sum exactly due to independent rounding
Source: 2014 National Emissions Inventory – v1

Section II: Proposed Funding Allocations for Eligible Project Categories

Eligible Project Category	Funding Allocation Percentage*
LD Electric Vehicle Supply Equipment (EVSE)	15%**
On-Road Heavy Duty Diesels	43%
Non-Road Equipment	31%
Locomotives and Marine Vessels	11%

*These allocations are for planning purposes only and are reflective of actual emissions in each category. Actual expenditures will largely be dependent upon interest levels and the number of applications received.

**Actual emissions from light-duty fleet are greater, but Trust limits EVSE spending to 15% of allocation.

Section II: Other Considerations for Eligible Mitigation Actions

- Cost sharing
 - Government entities* are eligible for up to 100% project funding for Eligible Mitigation Actions
 - Non-government entities are generally eligible for less (up to 25% - 75% project funding), depending on whether project is a replacement or repower, and new vehicle or engine is diesel, alternative fuel (CNG, propane, hybrid, etc.), or all-electric
- Scrappage requirement
 - All vehicles (if replacement project) or engines (if repower project) must be scrapped
 - No keeping or reselling old vehicle
 - No fleet expansion

*Private school bus companies that contract with public school districts, and transit authorities, are considered government entities for the purposes of the Trust.

Section III: Consideration of Impact on Areas that Bear a Disproportionate Share of the Air Pollution Burden

- Truck stops
- Rail yards
- Terminals
- Construction sites
- School bus depots/yards
- Airports
- Areas near truck routes
- Distribution centers
- Areas with poor air quality
- Areas with high concentrations of human activity in close proximity to diesel emission sources
- Areas with sensitive populations (schools, medical facilities, senior housing, etc.)
- Over-burdened and under-resourced communities

Section IV: Expected Ranges of Emissions Benefits in Vermont

- Reduced public exposure to NOx
- Reduced public exposure to diesel engine exhaust, which the EPA classifies as *likely to be carcinogenic* to humans
- Improved ambient air quality and human health in communities located in areas that bear a disproportionate share of the air pollution burden, as well as benefits to the local economy
- Tons of air pollution reduced over the lifetime of the engines/vehicles, specifically, NOx, PM2.5, air toxics, and greenhouse gases
- Net reduction in gallons of diesel fuel and/or other fossil fuels used
- Improved visibility/haze conditions and decrease in acid rain formation

Public Involvement, Next Steps, and Other Considerations

- Finalization of BMP following public meeting, public notice and comment period - Comments due to ANR by January 13, 2018
- All comments will be made publicly available
- ANR will submit BMP to Trustee
- ANR will develop project qualification, prioritization, and selection criteria to inform RFP
- BMP may be amended in the future based on interest, funding and feasibility

How to Comment on the BMP

- Visit **dec.vermont.gov/air-quality/vw** to:
 - Get more information about VW and the Environmental Mitigation Trust
 - Use the comment form to submit responses to questions about proposed project priorities
 - Find information about more ways to comment
- Submit comments to:
 - anr.decvwmitigation@vermont.gov
 - Vermont Air Quality and Climate Division
 - Attn: Deirdra Ritzer
 - 1 National Life Drive, Davis 2
 - Montpelier, VT 05620
 - Fax: 802-828-1250

Timing

