Volkswagen Trust Grant Program
Round 2 Launched: August 1, 2019

SIPRAC 8/8/19
Patrice Kelly
VW Settlement Background
Timeline

2007  VW Prepares to Launch a Line of Clean Diesel Passenger Vehicles for the US Market

2008  EPA & CA Introduce Stronger Diesel Standards

2009  VW Begins Installing Defeat Devices on Diesel Vehicles
      • Recognizes federal and California test procedures and alters performance to meet standards

2014  Independent Researchers Publish Results
      • “significantly higher in-use emissions” than certified levels for 2012 Jetta TDI

2015  VW Publicly Admits to Altering Vehicles to Meet Federal and California Standards
Volkswagen Settlement

- Multiple consent decrees issued to address VW’s illegal use of emission control “defeat devices” on nearly 590,000 VW, Audi, and Porsche 2.0L and 3.0L diesel vehicles for model years 2009-2016
- Intent of settlement funds is to achieve Nitrogen Oxide (NOx) reductions to offset the excess NOx created by the subject VW vehicles

The NOx Impacts from VW Diesel Vehicles

- 40x 2.0L Vehicles
- 9x 3.0L Vehicles

46,000 TONS of excess emissions from 2.0L Vehicles
Why NO\textsubscript{x} Matters in CT: Ozone

- NO\textsubscript{x} is emitted by cars, trucks, power plants, industrial sources - basically, **anything that burns fuel emits NO\textsubscript{x}**
- Ozone forms in air when NO\textsubscript{x} (and other pollutants) chemically react in the presence of sunlight
- Ozone is a harmful respiratory irritant, especially in children and elderly
- EPA revises ozone standards regularly to protect public health

**Lower Ozone Over Time – But Still Unhealthy**

<table>
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<th>Decade</th>
<th>Ozone Level (ppb)</th>
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<tr>
<td>1970’s</td>
<td>158</td>
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<tr>
<td>1980’s</td>
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<td>1990’s</td>
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<td>2000’s</td>
<td>95</td>
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<tr>
<td>2010’s</td>
<td>84</td>
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Current Standard – 70ppb
Connecticut’s Air Quality Challenges

Counties with Ozone Violations in 2017 Ozone Season

- Violating the 2015 Standard (70ppb)
- Violating both the 2015 Standard (70ppb) and the 2008 Standard (75ppb)

Mobile Sources account for 67% of all NOx emissions in CT (on-road and non-road)

**NOx Data: 2014 National Emissions Inventory (NEI)**

- Mobile: 67%
- Other Fuels: 23%
- Waste Disp.: 6%
- EGUs: 3%
- Other: 1%

Preliminary 2017 Design Values, Data Provided by Tom Downs, Maine DEP
VW NOx Mitigation Program in Connecticut
Settlement put $2.925 billion into environmental mitigation trust
- Support environmental programs to offset excess NOx from VW’s cars

Allocation for CT is about $55.7 Million
- This allocation could increase if beneficiaries do not spend the money in time specified

Disbursement over 10 year schedule

Trust account is administered by Wilmington Trust (“the Trustee”)
- Trustee will approve project funding based on applications for eligible projects meeting specific criteria

To access funds, CT became a “trust beneficiary” on January 29, 2018
CT Mitigation Plan

• As a beneficiary, CT was required to prepare Beneficiary Mitigation Plan which provided the public with a high level vision on how CT will use its funds

• Initial draft released in Feb 2017
  – Held informal public comment period and also held public informational session

• Proposed Final draft released in Feb 2018
  – After formal comment period

• Submitted Final Mitigation Plan to Trustee on April 26, 2018

• CT’s Mitigation Plan is available at www.ct.gov/deep/vw
CT Mitigation Plan

• Flexible plan to cover all eligible project areas

• Immediate NOx reductions to offset illegal VW pollution

• Ability to grow with advancements in transformative mobile source technologies (i.e. electric HD trucks)

• Supports economically-responsible projects that result in significant emissions reductions
Mitigation Plan Funding Allocations

At least...

70%

- On-Road Heavy & Medium Duty Vehicles
- Non-Road Equipment
- Commercial Marine Vessels
  - Locomotives
  - Diesel Emission Reduction Act (DERA) Option

15%

Zero Emission Vehicle (ZEV) Supply Equipment
Up to...

15%

Administrative Expenditures

Connecticut Department of Energy and Environmental Protection
VW Incentives Round 1
Summary of Round 1

• Project Solicitation **May 30 - July 31, 2018**
• 56 proposals received, requesting **$31.7 Million**
• 10 proposals selected, funding **$11.8 Million**
  – Announced available funding was **$7.5 Million**
• Project to be completion by **March 31, 2020**
• Awardees and DEEP entered into project implementation plans with defined milestones and requirements
• Payment from Wilmington Trust occurs after project completion
Round 1 Projects

A wide array of new equipment was funded with the 10 projects selected:

• 12 electric transit buses
• 2 electric shuttle buses
• 16 new CNG refuse trucks
• 46 new diesel school buses
• 1 commercial ferry repower (6 new engines)
• 51 new commercial diesel trucks

Lifetime NOx Reduction: **151.4 tons**
Round 1 Lessons Learned

- Smaller municipal projects (1-2 vehicles) not competitive with large private projects (15+ vehicles) due to scale and cost effectiveness
- Application form could have been clearer
- More information needed up-front to expedite processing
- Selection criteria should be better defined in program documents
VW Incentives Round 2
Round 2 Overview

- Funding of **$7.5 Million** available for this round
- Application Period Opened: **August 1, 2019**
- Proposal Deadline: **September 16, 2019 @ 4:00 PM EST**
- Open to **government** and **non-government** entities
- Funding for ZEV Infrastructure Projects available at a later date
- Matching funds required for **all** projects
  - Match $$ can be from any source (except EPA DERA grants)
  - DEEP reserves the right to reduce match requirement to levels specified in App. D-2, for innovative/transformative proposals
This is a **reimbursement** program.

Projects initiated prior to filing an application are not eligible for funding.

Funding will be awarded through an open competitive and transparent process.

Awards announced in time to allow unsuccessful applicants the opportunity to apply for DERA funds.

Projects and final paperwork must be completed by **April 30, 2021**.
Funding Allocation Goals

- DEEP will select projects to be funded based on the funding priorities outlined in the [State of Connecticut Mitigation Plan](http://example.com) in addition to a set of preferential criteria outlined in the application form and instructions.

- **NEW!** Government and non-government applications will be evaluated independently of each other.

- Maintains flexibility for funding innovative/transformative projects.
Program Focus

• Maximize NOx reduction
• Incentivize fleet transformation
• Prioritize emission reductions in Environmental Justice (EJ) communities
Evaluation Criteria

Connecticut Criteria:

• Annual NOx Reductions in tons
• Lifetime NOx Reduced in tons
• Lifetime Cost Effectiveness $/ton NOx reduced
• EJ Community
• Potentially Transformative/Innovative
• NEW: GHG reductions
• Cost Share above required minimum
• Nonattainment, NY/NJ/CT (Fairfield, Middlesex, New Haven Counties)
• Anti-Idling Program
Proposal Ranking

- For reference purposes, the ranking methodology used for the first round of funding is available at www.ct.gov/deep/vw.

- Ranking methodology for this round of funding has not been finalized and may differ from Round 1.
Eligible Projects & Funding Amounts

Round 2
On-Road Heavy & Medium Duty Vehicles

Eligible Equipment

- Class 4 - 8 Local Freight Trucks
- Port Drayage Trucks
- Class 4-8 School, Shuttle and Transit Buses

Eligibility Criteria

Trucks: Engine Model Years between 1992–2009
Buses: Engine Model Years 2009 and older
On Road Heavy & Medium Duty Vehicles

Government Projects (includes some privately owned school buses)

Up to...

65%

• Repower with a new diesel or alternate fueled engine
• Replace with a new diesel or alternate fueled vehicle
• Repower with a new all-electric engine (incl. infrastructure)
• Replace with a new all-electric vehicle (incl. infrastructure)

Non-Government Projects

Up to...

40%
• Repower with a new diesel or alternate fueled engine

25%
• Replace with a new diesel or alternate fueled vehicle (Drayage – 50%)

60%
• Repower with a new all-electric engine (incl. infrastructure)

60%
• Replace with a new all-electric vehicle (incl. infrastructure)
Non-Road Equipment

Eligible Equipment

Airport Ground Support Equipment (GSE)

Forklifts

Port Cargo Handling Equipment

Eligibility Criteria

Tier 0 – 2; and uncertified, or 3 gr/bhp-hr or higher certified SI-engine

GSE: reach stackers, side loaders, and top loaders with 8,000 lbs lift capacity or greater

Forklifts: reach stackers, side loaders, and top loaders with 8,000 lbs lift capacity or greater

Port Equip: rubber-tired gantry cranes, straddle carriers, shuttle carriers, and terminal tractors, including yard hostlers and yard tractors that operate within ports
Non-Road Equipment

Government Projects

Up to...

65%

• Repower with a new all-electric engine (incl. infrastructure)
• Replace with a new all-electric vehicle (incl. infrastructure)

Non-Government Projects

Up to...

60%

• Repower with a new all-electric engine (incl. infrastructure)
• Replace with a new all-electric vehicle (incl. infrastructure)
Commercial Marine Vessels

Eligible Equipment

- **Ferries and Tugs**
- **Shorepower for ocean-going vessels**

Eligibility Criteria

**Ferries and Tugs:** Unregulated, Tier 1 or Tier 2 marine engines operating **1,000 or more hours per year**.

**Shorepower:** components of a shore-side system that allows a compatible vessel’s main and auxiliary engines to remain off while the vessel is at berth.
Commercial Marine Vessels

Government Projects

Up to... 65%
- Repower with a new diesel or alternate fueled engine
- Repower with a new all-electric engine (incl. infrastructure)
- Cover costs associated with a shore-side system

Non-Government Projects

Up to... 40%
- Repower with a new diesel or alternate fueled engine

Up to... 60%
- Repower with a new all-electric engine (incl. infrastructure)

Up to... 25%
- Cover costs associated with a shore-side system
Locomotives

Eligible Equipment

Freight Switchers

Eligibility Criteria

Pre-Tier 4 switcher locomotives that operate 1,000 or more hours per year
Locomotives

Government Projects

Up to...

65%

• Repower with a new diesel or alternate fueled engine
• Replace with a new diesel or alternate fueled switcher
• Repower with a new all-electric engine (incl. infrastructure)
• Replace with a new all-electric switcher (incl. infrastructure)

Non-Government Projects

Up to...

40%

• Repower with a new diesel or alternate fueled engine

25%

• Replace with a new diesel or alternate fueled switcher

60%

• Repower with a new all-electric engine (incl. infrastructure)

60%

• Replace with a new all-electric switcher (incl. infrastructure)
Application Form

• Application form and instructions are available at www.ct.gov/deep/vw

• If applying for funds for more than one source category (i.e. on-road vehicles and non-road equipment), a separate application should be used for each eligible source category project

• Improvements were made to the application forms based on feedback from Round 1 applicants and DEEP staff

• .zip file contains entire application package
New Form Features

- Clarifies information required for submissions for each type of eligible project
- More information is required to expedite processing
- Explanations are requested for any evaluation criteria checked
- Fleet Sheet is now an interactive spreadsheet

Use the New Form
- Reprinted Round 1 forms for unfunded projects will not be evaluated for Round 2
Process

- Proposals due September 16, 2019
- Internal review/management review: 30-60 days
- Award Letters to be issued in November
- Project Completion by April 30, 2021
- Payment directly from Wilmington Trust upon completion
Diesel Emissions Reduction Act (DERA)

- Timing of Round 2 allows for participation in 2019 CT State DERA Program
- Solicitation opens **October 1, 2019**
  - Funding: You may apply for both VW & DERA but can only be funded under one
  - No penalty for proposal withdrawal if selected for VW
- Available: at least **$670,800**
- Application Deadline: **November 18, 2019**
- Project completion by: **August 31, 2020**
Diesel Emission Reduction Act (DERA)

- Similar reimbursement levels for non-government projects
- Allows for a wider range of eligible projects
  - Comparison chart detailing differences between Options 1-9 and DERA Option available at www.ct.gov/deep/vw
- VW Trust funds can potentially allow CT to qualify for additional state DERA funds
- Trust Funds can not be used for mandatory match for DERA-funded projects

Eligibility Criteria

Proposed projects must meet the requirements of the state DERA program
Contact Information
VW Round 2 Program Information

• Informational Webinar August 7, 2019
  Slides available at www.ct.gov/deep/vw

• Forms and information available at www.ct.gov/deep/vw
Contact Us

- General questions about grant programs, Connecticut’s mitigation plan, or the VW trust settlement can be submitted through the Contact Us link on the website or sent directly to email below.

Website: [www.ct.gov/deep/vw](http://www.ct.gov/deep/vw)

E-Mail: [deep.mobilesources@ct.gov](mailto:deep.mobilesources@ct.gov)
Follow Us

- Visit [www.ct.gov/deep/vw](http://www.ct.gov/deep/vw)
- Sign up for our VW Email Distribution List (online form)
- Notification of new VW grant programs, including ZEV Supply Infrastructure programs, will be sent to all those on the VW distribution list
- VW Website will be updated when future grant opportunities become available
Questions?