Volkswagen Trust Grant Program
Round 3

SIPRAC 8/12/21
Paul Kritzler
Environmental Mitigation Trust – Appendix D

- 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
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 2 Projects

15 Projects Selected for funding

- 3 School Bus Projects: total 31 school buses (1 EV)
- 2 Electric Bus Projects: total 2 buses
- 7 Commercial Truck Projects: total 44 trucks (4 propane)
- 1 Municipal Refuse Truck Project: 2 CNG & 2 diesel trucks
- 1 Commercial Ferry Repower: replacing 4 engines on 1 vessel
- 1 CNG Refuse Truck Project: total 8 diesel trucks replaced by CNG trucks
Cumulative Round 1 & 2 Emission Benefits

Reductions from the 25 selected projects

- Annual NOx Reduction: 108.0 tons
- Lifetime NOx Reduction: 218.3 tons
- Lifetime CO2 Reductions: 13,027.5 tons
- Lifetime VOC Reductions: 13.8 tons
- Lifetime PM2.5 Reductions: 10.2 tons
- Cost Effectiveness, VW share:
  - $83,757/ton of NOx reduced
  - $1,403/ton of CO2 reduced
Cumulative Emissions Benefits by Fuel Type

Reductions from the 25 selected projects by fuel type:

<table>
<thead>
<tr>
<th>Fuel Type</th>
<th>Annual NOx Reductions: tons/year</th>
<th>Lifetime NOx Reductions: tons</th>
<th>Lifetime PM2.5 Reductions: tons</th>
<th>Lifetime HC Reductions: tons</th>
<th>Lifetime CO2 Reductions: tons</th>
<th>Total Lifetime Cost Effectiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diesel</td>
<td>85.227</td>
<td>142.223</td>
<td>7.267</td>
<td>8.759</td>
<td>5252.200</td>
<td>$1,455.92</td>
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<tr>
<td>CNG</td>
<td>13.486</td>
<td>43.010</td>
<td>1.399</td>
<td>1.515</td>
<td>1622.500</td>
<td>$1,412.79</td>
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<tr>
<td>Propane</td>
<td>2.541</td>
<td>4.522</td>
<td>0.512</td>
<td>0.797</td>
<td>198.7</td>
<td>$1,154.20</td>
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<tr>
<td>EV</td>
<td>6.558</td>
<td>27.042</td>
<td>0.974</td>
<td>2.675</td>
<td>5625.700</td>
<td>$1,323.03</td>
</tr>
<tr>
<td>Other (hybrid)</td>
<td>0.242</td>
<td>1.453</td>
<td>0.006</td>
<td>0.05</td>
<td>328.4</td>
<td>$988.40</td>
</tr>
<tr>
<td>Total</td>
<td>108.054</td>
<td>218.250</td>
<td>10.158</td>
<td>13.796</td>
<td>13027.500</td>
<td></td>
</tr>
</tbody>
</table>

Connecticut Department of Energy and Environmental Protection
VW Incentives Round 3
Round 3 Overview

- Funding of up to **$10 Million** available for this round
  - 75% set aside for EV projects; balance for open competition
  - 35% set aside for projects in or benefitting EJ Communities

- Application Solicitation: **Very Soon**

- Proposal Deadline: **Anticipated End of September**

- Open to **government** and **non-government** entities

- 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 **18 months after the award date**.

• Funding available at a later date:
  – ZEV Supply Infrastructure projects
Funding Allocation Goals

- DEEP will select projects to be funded based on the funding priorities outlined in the State of Connecticut Mitigation Plan in addition to a set of preferential criteria outlined in the application form and instructions.

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

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

- Incentivize fleet transformation
- Prioritize emission reductions in Environmental Justice (EJ) communities
- Maximize NOx reduction
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
• GHG reductions
• Cost Share above required minimum
• Nonattainment, NY/NJ/CT (Fairfield, Middlesex, New Haven Counties)
• Anti-Idling Program
• NEW: EPA SmartWay Participant
• NEW: ZEV Projects using clean energy to power EVs
• For reference purposes, the ranking methodology used for the second round of funding is available at https://portal.ct.gov/DEEP/Air/Mobile-Sources/VW/VW-Settlement---Home

• Ranking methodology for this round of funding has not been finalized and may differ from Round 2.
Eligible Projects & Funding Amounts

Round 3
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)

- 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)

Up to...

65%

Non-Government Projects

- Repower with a new diesel or alternate fueled engine
- Replace with a new diesel or alternate fueled vehicle
  (Drayage – 50%)
- Repower with a new all-electric engine (incl. infrastructure)
- Replace with a new all-electric vehicle (incl. infrastructure)

Up to...

40%  25%

60%  60%
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:

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

- 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

Up to...

65%

Non-Government Projects

- 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

Up to...

40%

60%

25%
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 [https://portal.ct.gov/DEEP/Air/Mobile-Sources/VW/VW-Settlement---Home](https://portal.ct.gov/DEEP/Air/Mobile-Sources/VW/VW-Settlement---Home)

- 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 comments received and DEEP staff

- .zip file contains entire application package
Process

- Proposals due September 30, 2021
- Internal review/management review: 30-60 days
- Award Letters to be issued in November
- Project Completion 18 months after award date
- Payment directly from Wilmington Trust upon completion
VW Round 3 Program Information

• Informational Webinar August 19, 2021 at 2:00 pm
  – Slides available at https://portal.ct.gov/DEEP/Air/Mobile-Sources/VW/VW-Settlement---Home
  – Forms and information available at https://portal.ct.gov/DEEP/Air/Mobile-Sources/VW/VW-Settlement---Home
  – E-mail questions to deep.mobilesources@ct.gov

• ZEV Supply Infrastructure solicitation will launch at a later date
Diesel Emissions Reduction Act (DERA)

- Timing of Round 3 allows for participation in 2021 CT State DERA Program
- Solicitation opens **October 11, 2021**
  - 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 **$766,900**
- Application Deadline: **November 22, 2021**
- Project completion by: **August 31, 2022**
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 [https://portal.ct.gov/DEEP/Air/Mobile-Sources/VW/VW-Settlement---Home](https://portal.ct.gov/DEEP/Air/Mobile-Sources/VW/VW-Settlement---Home)
- 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
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: [https://portal.ct.gov/DEEP/Air/Mobile-Sources/VW/VW-Settlement---Home](https://portal.ct.gov/DEEP/Air/Mobile-Sources/VW/VW-Settlement---Home)

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

• Visit https://portal.ct.gov/DEEP/Air/Mobile-Sources/VW/VW-Settlement---Home

• 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?