Response to Summarized Comments on Connecticut Department of Energy and Environmental Protection Draft Final Mitigation Plan Pursuant to Appendix D-2 of the Volkswagen Environmental Mitigation Trust Agreement for State Beneficiaries

Overview of Comments

On February 15, 2018, the Department of Energy and Environmental Protection (DEEP) posted Connecticut’s Draft Final Beneficiary Mitigation Plan (Draft Final Plan) and issued a request for public comments. Fifty written comments, seven identical form letters, and 353 identical comment forms were submitted before the public comment period ended on March 9, 2018.

The comments received were summarized in the document: “Summary of Comments Received on Final Draft VW Environmental Mitigation Plan” (Comments Summary), and grouped into the following Categories:

I. Clean Diesel
II. Compressed Natural Gas (CNG)
III. Diesel Emission Reduction Act (DERA)
IV. Electric Vehicles & Equipment
V. Electric Vehicle Supply Equipment (EVSE)
VI. Fuel Cell Electric Vehicles (FCEVs)
VII. Propane
VIII. General Comments
IX. Comments Falling Outside the Scope of the VW Settlement

The overarching concerns documented in those categories are as follows:

A. Prioritizing specific technologies listed in Appendix D-2 to the Environmental Mitigation Trust Agreement for State Beneficiaries (Mitigation Trust Agreement) (see Categories I, II, III, IV, V, VI, VII, VIII of Comments Summary);
B. Reducing children’s exposure to diesel emissions (see Category IV of Comments Summary);
C. Ensuring a level playing field for alternate fuels (see Categories VII of Comments Summary);
D. Reducing the impact of oxides of nitrogen (NOₓ) emissions on areas disproportionately affected by air pollution (see Categories IV, VII of Comments Summary); and,
E. Maximizing funding allotted for electric vehicle supply equipment (EVSE) (see Category V of Comments Summary).
Additional comments received were:

F. General comments which:
   a. recommended edits be made to the language in the Draft Final Plan (see Category VIII of Comments Summary); and,
   b. asked specific programmatic questions, which are addressed below and added to the FAQ section of DEEP’s Volkswagen (VW) webpage, [www.ct.gov/deep/vw](http://www.ct.gov/deep/vw) (see Category VIII of Comments Summary).

G. Comments outside the scope of the VW Agreement that recommended the funds held pursuant to the Mitigation Trust Agreement be turned over to Connecticut Green Bank and/or the General Fund (see Category IX of Comments Summary);

Response to Comments

A. Prioritizing Specific Technologies
The primary goal of the Draft Final Plan is to improve and protect ambient air quality by reviewing, analyzing and implementing eligible mitigation projects that will:

- Improve air quality and protect public health by achieving significant and sustained cost effective reductions in emissions of nitrous oxides (NOx);
- Expedite deployment and widespread adoption of zero emission and near-zero emission vehicles and engines; and
- Support statewide energy, environmental and economic development goals while also taking into account environmental justice considerations associated with each proposed eligible mitigation project.

DEEP has held, and continues to hold the position that a greater level of air quality benefit will be realized through an open and competitive solicitation process that does not prioritize the use of funds for any particular technology beyond what is stipulated in Appendix D-2. DEEP is committed to such a process and encourages all commenters to make their recommendations known to officials or others within their communities who are in a position to submit proposals for funding under this program.

B. Reducing Children’s Exposure to Diesel Emissions
Several comments expressed concern about the impact of diesel emissions on children. Reducing children’s exposure to harmful diesel emissions has long been a DEEP priority. Over the years, DEEP has leveraged state and federal funds for the installation of emission controls on more than 830 school buses for a number of school districts across the state. DEEP also guided similar school bus retrofit projects for the cities of New Haven and Bridgeport.¹ The VW Clean School Bus Program: [http://www.ct.gov/deep/cwp/view.asp?a=2684&q=396142&deepNav_GID=1619](http://www.ct.gov/deep/cwp/view.asp?a=2684&q=396142&deepNav_GID=1619)

funds will be available to municipalities, school districts and private school bus companies to defer the higher capital cost of these vehicles but it is essential that commenters engage with their local school and municipal officials to ensure that the requisite proposals are submitted for funding under the program.

C. Ensuring a Level Playing Field for Alternate Fuels
Another recommendation received through the comments is the need to establish a level playing field across the eligible technologies in Appendix D-2 of the Mitigation Trust Agreement. DEEP has maintained the hierarchy of funding established in Appendix D-2. DEEP has also introduced a cost share for all projects to ensure all applicants are invested in the completion of their submitted projects. One of the primary funding criteria outlined in the Draft Final Plan is the maximization of NO\textsubscript{x} emission reduction, or offset per dollar invested (i.e., capital cost effectiveness in dollars/ton). This criteria will ensure that all projects are evaluated on the cost per unit of NO\textsubscript{x} emissions mitigated. With such evaluation criterion, each project will be assessed according to its own merit.

D. Reducing the Impact of NO\textsubscript{x} emissions on Areas Disproportionately Affected by Air Pollution
DEEP has a long history of prioritizing funding for air pollution reduction projects in areas disproportionately impacted by air pollution, as well as non-attainment areas across the state. To that end, DEEP has traditionally included the following evaluation criteria among clean diesel grants:

- projects in environmental justice (EJ) and other communities\textsuperscript{2} that have historically borne a disproportionate share of the adverse impacts of air pollution from sources including, but not limited to transportation hubs/corridors, ports, rail yards, truck stops, airports, terminals, and bus depots; and
- projects located in nonattainment areas, or areas with historical issues concerning compliance with federal air quality standards;\textsuperscript{3}

Such locations are represented in the Draft Final Plan and will appear among the preferential selection criteria accompanying the solicitation materials.


\textsuperscript{3} See EPA’s Priority Counties at: [https://www.epa.gov/sites/production/files/2017-03/documents/fy17-county-area-list.pdf](https://www.epa.gov/sites/production/files/2017-03/documents/fy17-county-area-list.pdf).
E. Maximizing Funding Allotted for Electric Vehicle Supply Equipment (EVSE)

DEEP has also committed, as recommended by several commenters, to allocate the maximum allowed 15% for the acquisition, installation, operation and maintenance of new light duty zero emission vehicle supply equipment (EVSE). Again, based on the proposed structure of the program, it is imperative that commenters make their interest in EVSE deployment known to officials or others within their communities who are in a position to submit proposals for funding once solicitation for EVSE projects begins. Commenters in this group also proposed guidelines for the establishment of new charging infrastructure in the state, and those recommendations will inform DEEP’s evaluation of EVSE proposals submitted for funding.

F. General Comments

DEEP received a recommendation to edit page 12 of the proposed Plan, Part V. Section B.i, because “Model Year 2010 and newer medium and heavy duty trucks and buses are not eligible for this program in Connecticut.”

Eligible trucks include 1992-2009 engine model years; and eligible buses include 2009 engine model year or older. For Beneficiaries that have State regulations that already require upgrades to 1992-2009 engine model year trucks at the time of the proposed Eligible Mitigation Action, eligible trucks and buses shall also include 2010-2012 engine model year vehicles.19

DEEP agrees with this comment and has incorporated the edit into the Draft Final Plan.

Additionally, the following questions were received during the comment period. Each question is followed by DEEP’s response to said question. These questions and answers have been added to the FAQ section of DEEP’s VW webpage.

1. **Will there be a limit on the amount of funding granted for mitigation projects to any one individual facility?**

   While there is no requirement within the VW settlement documents that would require DEEP to limit the amount of funding any applicant may receive, DEEP reserves the right to do so.

2. **Can projects that have been completed in 2018 or earlier, prior to the awarding of grant funds, be eligible to receive funding?**

   No. VW NOx Mitigation Trust funds are provided for mitigation actions awarded under the final approved state mitigation plan. There is no reimbursement for commitments/purchases made before DEEP solicits and approves any project proposals.

3. **What type of information would be needed to demonstrate NOx emission reductions for proposed mitigation project proposal submittals?**

   Information will be provided on NOx emission reduction calculation procedures in the final project solicitation documents.
4. **Is there a dollars/ton of NOx reduction target that DEEP is looking at in order to prioritize funding awards for proposed mitigation projects?**

Projects scaled to achieve the greatest NOx emission reduction or offset per dollar invested are one criteria that will be used to prioritize funding awards. Targets for this criteria will not be specified, but proposals will be assessed against each other.

5. **Will you be providing guidance on what projects might be considered “exceptionally high quality and merit that advances the State goals and objectives” that would qualify for the maximum allowable funding allocation?**

Further detail will be provided in the final project solicitation documents. [Connecticut’s 2018 Comprehensive Energy Strategy](https://example.com) and the [2013 Multi-State Zero Emission Vehicle MOU and Action Plan](https://example.com) are a couple examples of “state goals and objectives”.

G. **Comments Outside the Scope of the VW Agreement**

DEEP received comments recommending that VW funds be used to either support the Connecticut Green Bank, or be applied to the General Fund. There was also a recommendation to place the VW funds into the Special Transportation Fund and for use to increase the size of the mass transit fleet in Connecticut and promote ridership. Unfortunately, these recommendations are outside the scope of DEEP’s authorized activities under the VW settlement. The Mitigation Trust Agreement and Appendix D-2 authorize only specific uses of the funds. Transfer of funds to the Connecticut Green Bank or the General Fund is not an authorized use. Fleet expansion is prohibited because the Mitigation Trust Agreement requires that for every vehicle added to the fleet and existing vehicle must be removed. These suggested use of the funds would be denied by the Trustee of the Mitigation Trust.