Draft VW Mitigation Plan

• States must develop plans for using their settlement funds and submit them for approval to the Trustee managing the funds nationally. North Carolina’s plan involves three phases of funding for five programs for the duration allotted by the consent decree.

• Public input helped shape this plan.

• Key messages from public input:
  • Invest in maximum allowable in light-duty Zero Emission Vehicle (ZEV) supply equipment/infrastructure.
  • Don’t forget the rural counties.
  • Public sector needs are far greater than the resources available.
  • Interest in a broad range of alternative fuel types.
Plan Goals

- The DEQ will use the funds to achieve significant NOx emissions reductions across the state.
- Based on the distribution of violating vehicles registered across the state, the DEQ plans to allocate the funds between urban/suburban counties (68%) and rural counties (32%).
- The DEQ will submit requests to the Trustee of the VW Environmental Mitigation Trust to use funds for eligible projects throughout the state that will reduce or eliminate emissions of NOx focusing on the most cost-effective projects, the quantity of NOx emission reductions and other factors.
Mitigation Plan Goals

- Maximize the air quality benefits (VW dollar per ton NOx reduced)
- Consider where the subject VW vehicles were located
- Use or build on existing processes and programs to select projects
- Consider environmental justice areas
- Award funds through a transparent public process
- Devote 15% of trust funds to light duty ZEV supply equipment/infrastructure
Phased Mitigation Plan Approach

Proposed three phases of VW settlement funding:

• Phase 1: $30.68 million – 2018 to 2020 – public sector focused projects

• Phase 2: $30.68 million – 2020 to 2022 – develop spending plan after additional public input

• Phase 3: $30.68 million – 2022 to 2024 – remaining funds allocated
Phase 1 Eligible Projects

- Projects submitted by local, state, and tribal government organizations.
- Projects submitted by public or private nonprofit organizations.
- Projects submitted by public-private partnerships where the lead applicant represents a public sector or public/private nonprofit entity.
- Both public and private projects will be eligible for the light-duty ZEV infrastructure program.
## Phase 1 (2018 – 2020)

<table>
<thead>
<tr>
<th>NC Grant Programs (2018-2020)</th>
<th>Eligible Action Category</th>
<th>Eligible Fuels</th>
<th>2018-2020 Funding (Phase 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Targeted Percent*</td>
</tr>
<tr>
<td><strong>School bus replacement program</strong></td>
<td><strong>School buses</strong></td>
<td><strong>Diesel – 25%</strong></td>
<td>40%</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Natural Gas &amp; Propane – 10%</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>All-electric - 5%</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Transit bus replacement program</strong></td>
<td><strong>Transit buses</strong></td>
<td><strong>All (diesel, propane, natural gas, electric)</strong></td>
<td>20%</td>
</tr>
<tr>
<td><strong>Clean heavy-duty on-road equipment program</strong></td>
<td><strong>Class Local Freight 4-8 trucks</strong></td>
<td><strong>All (diesel, propane, natural gas, electric)</strong></td>
<td>10%</td>
</tr>
<tr>
<td><strong>Clean heavy-duty off-road equipment program</strong></td>
<td><strong>Switcher locomotives, ferries, tugs, forklifts, port cargo handling equipment, ocean-going vessel shore power, airport ground support equipment Diesel Emission Reduction Act (DERA)</strong></td>
<td><strong>All (diesel, propane, natural gas, electric)</strong></td>
<td>10%</td>
</tr>
<tr>
<td><strong>ZEV infrastructure</strong></td>
<td>Not Applicable</td>
<td>15%</td>
<td><strong>$4,602,283</strong></td>
</tr>
<tr>
<td><strong>Administrative costs</strong></td>
<td>Not Applicable</td>
<td>5%</td>
<td><strong>$1,534,094</strong></td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td></td>
<td></td>
<td><strong>$30,681,886</strong></td>
</tr>
</tbody>
</table>

*Percentage of available settlement funds targeted in these eligible categories for 2018 – 2020.*
# Example of Vehicle Costs

**Category: School buses**  
**Proposed Phase 1 Allocation ($12,272,754)**

<table>
<thead>
<tr>
<th>Bus Type</th>
<th>Estimated Cost (per vehicle)</th>
<th>Number of Buses</th>
<th>Lifetime Estimated Emission Reductions (tons/year)</th>
<th>Estimated Total Cost</th>
<th>Lifetime Effectiveness ($/ton NOx reduced)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diesel</td>
<td>$86,800</td>
<td>90</td>
<td>NOx: 59.8</td>
<td>$7,812,000</td>
<td>$130,723</td>
</tr>
<tr>
<td>Propane</td>
<td>$96,000</td>
<td>25</td>
<td>NOx: 19.4</td>
<td>$2,976,000</td>
<td>$123,552</td>
</tr>
<tr>
<td>CNG</td>
<td>$113,500</td>
<td>5</td>
<td>NOx: 3.96</td>
<td>$567,500</td>
<td>$143,308</td>
</tr>
<tr>
<td>All-electric</td>
<td>$360,000</td>
<td>4</td>
<td>NOx: 3.68</td>
<td>$1,400,000</td>
<td>$391,730</td>
</tr>
<tr>
<td><strong>Total buses</strong></td>
<td><strong>$121,79,500</strong></td>
<td><strong>124</strong></td>
<td></td>
<td><strong>$12,179,500</strong></td>
<td></td>
</tr>
</tbody>
</table>

Note: The number of vehicles per fuel type is not binding and does not represent a proposal, but rather is used to be illustrative of the number of total vehicles that could be replaced for the proposed allocation in this category.
Environmental Justice

Environmental justice is the fair treatment and meaningful involvement of all people regardless of race, color, national origin, or income, with respect to the development, implementation, and enforcement of environmental laws, regulations and policies.

These goals will be achieved in North Carolina when everyone enjoys:

• The same degree of protection from environmental and health hazards, and

• Equal access to the decision-making process to have a healthy environment in which to live, learn and work.

Department of Environmental Quality
Proposed VW Settlement Project Selection Criteria

The DEQ will consider factors such as, but not limited to:

- **Cost Effectiveness** (VW$ funded per NOx tons reduced)
- **NOx Emissions Reductions**
- **Location of project**
- **Co-Benefits**
- **Sustainability of the project**
- **Timeliness**
- **Useful life of vehicle replaced**
- **Other selection criteria**
Next Steps

• Plan submission to VW Settlement trustee (August/September 2018)
• Release request for proposals (Fall 2018)
• Proposal evaluations (Winter/Spring 2018-2019)
• Phase 1 project awards (Summer 2019)
• Phase 2 planning (Fall 2019/Winter 2020)
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Department of Environmental Quality
Thank You!

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or
ncair.org …and click on Volkswagen Settlement