

Overview

VW Mitigation Trust in Kansas

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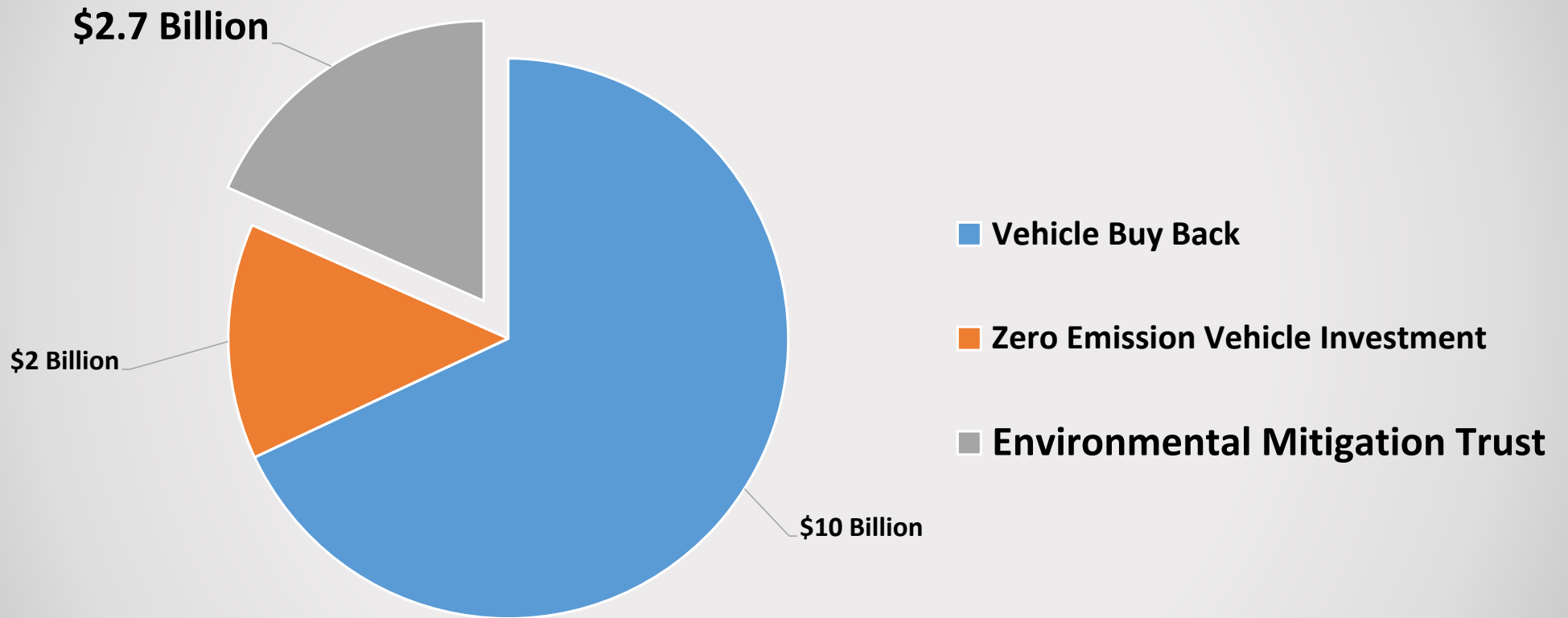


Healthy Kansans living in safe and sustainable environments

Overview of VW Settlement

- June 2016, the EPA lodged with the Court a settlement that partially resolved allegations that Volkswagen violated the Clean Air Act by the sale of approximately 500,000 vehicles containing 2.0 liter diesel engines equipped with illegal software (defeat devices)
- Devices allowed for certain model years to detect when a vehicle was receiving emission test
- Devices resulted in thousands of tons of emissions from affected vehicles in excess of federal limits
- October 2016 partial consent decree entered by the Court allowing for settlement
- The settlement consists of three major components = \$14.7 Billion

VW Settlement Components = \$14.7 Billion



Environmental Mitigation Trust = EMT

- Each jurisdiction becomes a *beneficiary* of the trust (states, tribes, DC and Puerto Rico)
- Receive allocation from the trust based on number of registered affected vehicles
- Allocations range from approximately \$8 million to \$400 million (2.0 and 3.0 L)
- Kansas allocation = \$14,791,372 (2.0 L)
- Second consent decree for affected 3.0 L engines = \$870,866 for Kansas
- **Total Kansas allocation = \$15,662,238**

Process to become a beneficiary

- Each state must select a lead agency to act on behalf of the trust
- Lead agency files certification form for state to become beneficiary
- Trust effective date must be established (as of 9/8/2017 no TED yet)
- Kansas Department of Health and Environment (KDHE) selected as lead agency
November 2016
- Once TED is established and state is certified - a plan for use of the allocation must be submitted
- Once a plan is approved a state may request part of the allocation to begin work

Beneficiary Mitigation Plan

- Plan to be submitted is to be a summary of actions a state may choose to include
- Must state the following:
 - Goal for use of allocation, for example - reduce emissions from diesel vehicles
 - **Types of actions state plans to include (10 eligible actions)**
 - A description of the benefits to jurisdictions with disproportionate air pollution burden
 - Range of emission reduction benefits for example, tons of pollutants reduced

Mitigation activities

- 10 eligible mitigation actions listed in Appendix D-2 of the consent decree
- Largely address on-road mobile source NO_x emissions
- Broad range of eligible engine model years
- Equipment must be diesel fueled, mostly
- Actions may include
 - Repowering of engines
 - Replacing of equipment
 - New equipment may be diesel powered or alternative fueled (CNG, propane, hybrid, all electric)
- No fleet expansion, old equipment must be decommissioned

NO_x = oxides of nitrogen



Project amounts

- Per Appendix D-2, maximum draw from the trust is project specific
- Administrative costs are also specified = 15%
- Government owned fleets may draw up to 100% total project costs
- Non-Government owned fleets the maximum draw is 25% to 75% total project costs
- If project involves going from diesel to all-electric equipment, charging infrastructure is eligible

1. Class 8 Local Freight and Port Drayage Trucks

- Includes **1992-2009** model years
- No fleet expansion, old trucks must be scrapped
- Government-owned: All options up to 100 percent funded
- Nongovernment-owned: Variable fund percentages based on mitigation
- New diesel or alternative fuel engine (e.g., natural gas, propane, hybrid) vehicle
 - Repower: Up to 40 percent funded
 - Purchase new: Up to 25 percent funded (up to 50 percent for drayage trucks)
- All-electric engine: Includes charging infrastructure
 - Repower: Up to 75 percent funded
 - Purchase new: Up to 75 percent funded



2. Class 4-8 School Bus, Shuttle Bus, or Transit Bus

- Includes **1992-2009** model years
- No fleet expansion, old buses must be scrapped
- Government-owned: All options up to 100 percent funded
- Nongovernment-owned: Variable fund percentages based on mitigation
 - New diesel or alternative fuel engine (eg, natural gas, propane, hybrid) vehicle
 - Repower: Up to 40 percent funded
 - Purchase new: Up to 25 percent funded
 - All-electric engine: Includes charging infrastructure
 - Repower: Up to 75 percent funded
 - Purchase new: Up to 75 percent funded

3. Freight Switchers (locomotives)

- No fleet expansion, old freight switchers must be scrapped
- Government-owned: All options up to 100 percent funded
- Nongovernment-owned: Variable fund percentages based on mitigation
 - New diesel or alternative fuel engine (eg, natural gas, propane, hybrid) vehicle
 - Repower: Up to 40 percent funded
 - Purchase new: Up to 25 percent funded
 - All-electric engine: Includes infrastructure
 - Repower: Up to 75 percent funded
 - Purchase new: Up to 75 percent funded



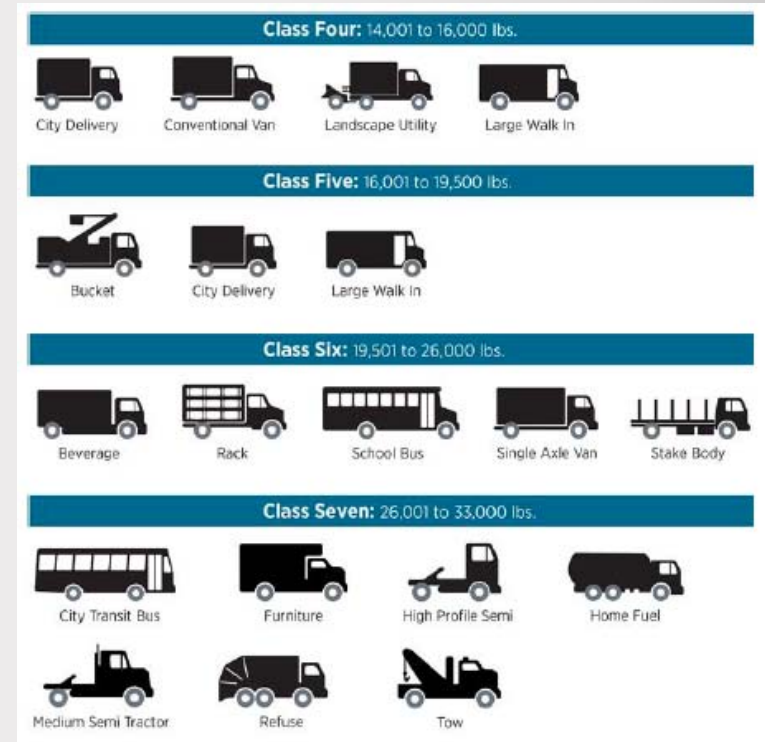
4 and 5 Ferries, Tugs and Shorepower

- Ferries and Tugs
 - Repowers for engines
- Shorepower for Ocean Going Vessels
 - Shore-side auxiliary power system connected to local grid



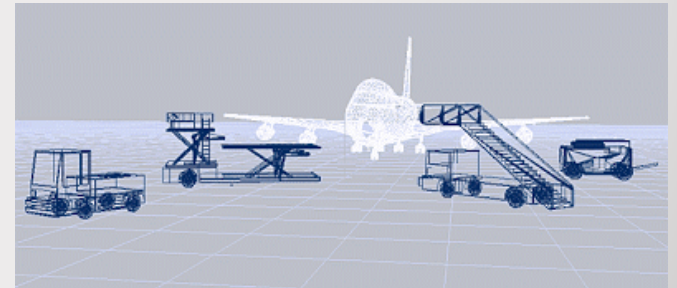
6. Class 4-7 Local Freight Trucks

- Includes 1992-2009 model years
- No fleet expansion, old trucks must be scrapped
- Government-owned: All options up to 100 percent funded
- Nongovernment owned: Variable fund percentages based on mitigation
 - New diesel or alternative fuel engine (eg, natural gas, propane, hybrid) vehicle
 - Repower: Up to 40 percent funded
 - Purchase new: Up to 25 percent funded
 - All-electric engine: Includes infrastructure
 - Repower: Up to 75 percent funded
 - Purchase new: Up to 75 percent funded



7. Air Ground Support Equipment

- Tier 0, Tier 1, or Tier 2 diesel powered
 - Uncertified or certified to 3 grams per brake horsepower-hour or higher emissions, spark ignition engine-powered
 - No fleet expansion, old airport ground support equipment must be scrapped
 - May be repowered or replaced with an all-electric engine
 - Government-owned: Up to 100 percent funded
 - Nongovernment-owned: Up to 75 percent funded



8. Forklifts and Port Cargo Handling Equipment

- No fleet expansion, old equipment must be scrapped
- May be repowered or replaced with an all-electric engine
- Government-owned: Up to 100 percent funded
- Nongovernment-owned: Up to 75 percent funded



9. Light Duty Zero Emission Vehicle Supply Equipment

- Can use up to 15 % of allocation for supply equipment
- Acquire, install, operate, and maintain equipment
 - Level 1, Level 2, or DC fast chargers located in a public place, workplace, or multi-unit dwelling
 - Hydrogen fuel cell supply equipment, including hydrogen dispensing equipment that is located in a public place
 - Percentages based on type and location



Charging Systems

Plug-in hybrid and all-electric vehicles need to be connected to a power source to charge their batteries. There are three main types of electric vehicle chargers:

- Level One** uses the same 120 volt current found in standard household outlets. Enabling charging can be simple as installing dedicated 120 volt outlets. The disadvantage with this type of charger is it is slow and typically provides 3-5 miles of range per hour.
- Level Two** uses 240 volt power to speed up vehicle charging. This type of system requires dedicated charging equipment and electrical wiring capable of handling higher voltage power. Charge times are 10-20 miles of range per hour.
- DC Fast Charger** allows vehicle to charge their battery (up to 80 percent of battery capacity) in 20-30 minutes. Requires more expensive charging equipment as well as high voltage 3 phase power connections.

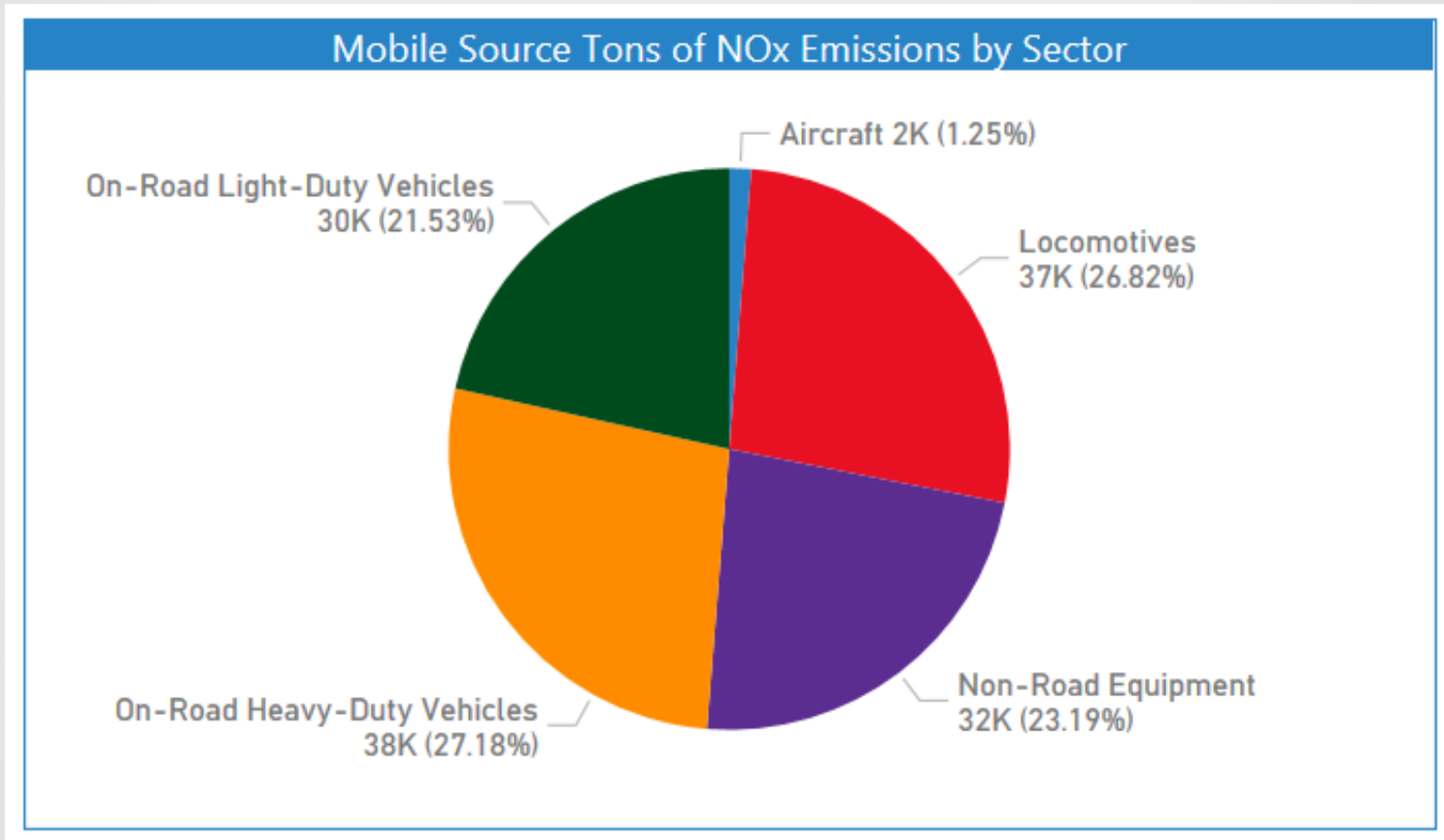
For more information on charging systems, visit the U.S. Department of Energy's [Alternative Fuels Data Center](#).

10. DERA Option

- Diesel Emission Reduction Act (DERA)
- State allocations for Clean Diesel grant competitions
- VW trust may be used for nonfederal voluntary match or overmatch
- Trust funds shall not be used to meet the nonfederal mandatory cost share requirements of any DERA grant
 - DERA option supporting documents
- May be used for actions eligible under DERA, but not specified in the settlement



www.vwclearinghouse.org

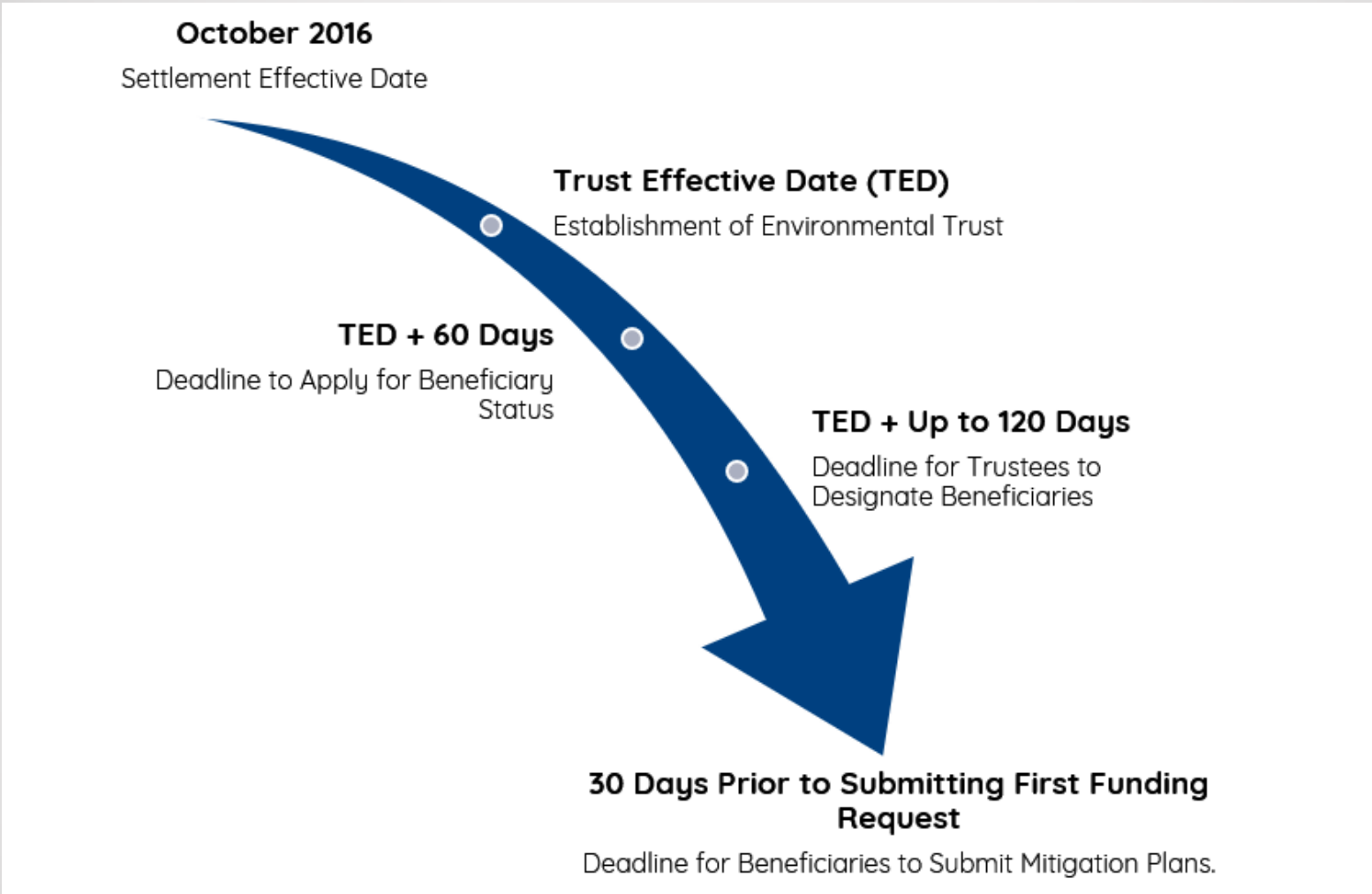


10 years access the trust

- Once a state's mitigation plan is approved –
 - May request up to 1/3 of the allocation in year 1
 - May request up to 2/3 of the allocation in year 2
- By year 10, 80% of the allocation must be obligated to payout
- By year 15, projects must be complete

What projects should be considered?

- Evaluated the latest 2014 emission inventory
- Looked at totals of NO_x per county
- Consider projects already going on
- Consider what projects would maximize the use of the funding
- DERA expansion to cover non-road in key areas



Thank you

Resources

- www.epa.gov/enforcement/volkswagen-clean-air-act-civil-settlement
- www.naseo.org/volkswagen-settlement
- www.kdheks.gov/bar/air-monitor/dieselgrant/dieselvw.html

Contact information

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