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

- $10 Billion
- $2 Billion
- $2.7 Billion

- Vehicle Buy Back
- Zero Emission Vehicle Investment
- Environmental Mitigation Trust
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:
  o Goal for use of allocation, for example - reduce emissions from diesel vehicles

  o **Types of actions state plans to include (10 eligible actions)**

  o A description of the benefits to jurisdictions with disproportionate air pollution burden

  o 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 NOx emissions
• Broad range of eligible engine model years
• Equipment must be diesel fueled, mostly
• Actions may include
  o Repowering of engines
  o Replacing of equipment
  o New equipment may be diesel powered or alternative fueled (CNG, propane, hybrid, all electric)
• No fleet expansion, old equipment must be decommissioned

NOx = 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

- 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
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
Mobile Source Tons of NOx Emissions by Sector

- On-Road Light-Duty Vehicles: 30K (21.53%)
- On-Road Heavy-Duty Vehicles: 38K (27.18%)
- Aircraft: 2K (1.25%)
- Locomotives: 37K (26.82%)
- Non-Road Equipment: 32K (23.19%)

www.vwclearinghouse.org
10 years access the trust

• Once a state’s mitigation plan is approved –
  o May request up 1/3 of the allocation in year 1
  o 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 NOx 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
October 2016
Settlement Effective Date

Trust Effective Date (TED)
Establishment of Environmental Trust

TED + 60 Days
Deadline to Apply for Beneficiary Status

TED + Up to 120 Days
Deadline for Trustees to Designate Beneficiaries

30 Days Prior to Submitting First Funding Request
Deadline for Beneficiaries to Submit Mitigation Plans.
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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