Volkswagen (VW) Settlement & U.S. EPA Clean Diesel Tribal Funding

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Overview

- Volkswagen (VW) Settlement Funding for Tribes
- EPA's Clean Diesel Tribal Program Diesel Emission Reduction Act (DERA) Funding
- Alternative Fuel Corridors Program
- EPA's ENERGY STAR Support to Tribes
- Q&A

VW Partial Settlement

- U.S. lodged a settlement that partially resolves allegations that Volkswagen (VW) violated the Clean Air Act by the sale of approximately 500,000 vehicles containing 2.0 liter diesel engines equipped with defeat devices
- Under this settlement, VW is required to:
  1. Buyback or perform an emissions modification on 85% of the affected vehicles
  2. $2 billion to promote zero-emission fuel cell and battery-electric vehicles (EVs) and EV infrastructure; $800 million to California
  3. **$2.7 billion to fully remediate the excess NO_x emissions from the affected vehicles**

Appendix D- Mitigation Trust Fund

- Volkswagen will fund a $2.7 billion mitigation trust fund to fully mitigate the total, lifetime excess NO_x emissions from the 2.0 liter vehicles
- All 50 states, D.C., Puerto Rico and **federally recognized tribes can become beneficiaries**
  - Each beneficiary will receive a specific allocation of funds that can be used for any of the listed eligible mitigation actions
  - The allocation structure is primarily based on the number of registered illegal VW vehicles within the boundaries of the beneficiary

Who's Eligible?

- Tribal agency or intertribal consortium with jurisdiction over transportation or air quality
  - Federally recognized Indian tribal government and Alaskan Native Villages
  - Intertribal consortium- partnership between two or more tribes that is authorized by the governing bodies of those tribes to apply for and receive funding

Mitigation Trust Fund

- $55 million throughout the U.S. for tribes
- Reduce diesel NO_x emissions from medium- and heavy-duty engines or vehicles:
  - School and shuttle buses; delivery & trash trucks; agriculture; construction equipment; boats/marine engines; diesel generators
- Scrap old engine or vehicle and replace with:
  - Exhaust control (filters); cleaner diesel engine; alternative fuels (natural gas); zero-emission (battery-electric, fuel cell)

Eligible Mitigation Options

- Various Eligible Mitigation Actions or projects to use these funds:
  - Options #1-9
  - Option #10 “DERA Option” (EPA’s Diesel Emission Reduction Act)
    - Apply to EPA’s DERA grant program Request for Proposals (RFP)

Eligible Mitigation Options #1-9:

1. Class 8 local freight trucks and port drayage trucks
2. School/shuttle/transit bus
3. Locomotive switchers
4. Ferries/tugboats
5. Ocean going vessels shorepower
6. Class 4-7 local freight trucks
7. Airport ground support equipment
8. Forklifts
9. **Light-duty electric vehicle charging stations**

DERA Option #10:

- Option to use Trust Funds for actions not specifically listed but otherwise eligible under DERA
- Beneficiaries may use Trust Funds for their DERA non-federal match or overmatch
- EPA approves and is involved with projects

Eligible Mitigation Actions 1-9*				Eligible Mitigation Action 10: DERA Option**		
Class 4-8 School Bus, Shuttle Bus, or Transit Bus (Eligible Buses) For, 1) Beneficiaries that have State regulations that already require upgrades to 1992-2009 engine model year buses at the time of the proposed EMA, and 2) Eligible Buses shall also include 2010-2012 engine model year class 4-8 school buses, shuttle buses, or transit buses.				Type A, B, C, D Buses Class 5-8 Transit, Shuttle, or other buses		
Activity	Vehicle and Equipment Eligibility (Engine Model Year or Tier)	Trust Funding Limits		Activity	Vehicle and Equipment Eligibility (Engine Model Year or Tier)	DERA Funding Limits
		Non-Gov. Owned	Gov. Owned			
Engine replacement with new diesel or alternate fueled engine, engine MY in which the EMA occurs or one engine model year prior	2009 and older	40%	100%	Engine replacement with diesel or alternate fueled engine, 2017 MY or newer	1995-2006	40%
				Engine replacement with engine certified to CARB's Optional Low-NOx standards, 2017 MY or newer	1995-2006	50%
Engine replacement with new all-electric engine, engine MY in which the EMA occurs or one engine MY prior	2009 and older	75%	100%	Engine replacement with an electric motor or an electric power source, 2017 MY or newer	1995-2009	60%
Vehicle replacement with new diesel or alternate fueled vehicle, engine MY in which the EMA occurs or one engine MY prior	2009 and older	25%	100%	Vehicle replacement with diesel or alternate fueled vehicle, 2017 MY or newer engine	1995-2006	25%
				Vehicle replacement with vehicle powered by engine certified to CARB's Optional Low-NOx standards, 2017 MY or newer engine	1995-2006	35%
Vehicle Replacement with all-electric vehicle with the engine MY in which the EMA occurs or one engine MY prior	2009 and older	75%	100%	Vehicle replacement with all-electric vehicle, 2017 MY or newer engine	1995-2009	45%

How Tribes Access Trust Funds

- Tribal Beneficiary must submit to the Trustee a funding request **by December 22, 2017** and Beneficiary certifications **by January 2, 2018** or September 1 of each year for 6-10 years
  - Funding request must: explain overall goal for the funds, describe estimated NO_x reductions, list the categories of projects, consider benefits to air quality in communities with disproportionate air pollution burden, seek and consider public input
- Tribal Beneficiary may split Trust funds between Eligible Mitigation Actions #1-9 and the DERA Option #10
- Two or more Beneficiaries may submit a joint request

EPA's Diesel Emissions Reduction Act Tribal Program

- Enables EPA to offer funding assistance
  - Goal to reduce diesel emissions
- $1.5 million available
- Proposals may not request more than $800,000 in EPA funding
- Up to 6 cooperative agreements will be made
- Competitive Request for Proposals (RFP)

DERA Option #10

- Eligible Mitigation #10 DERA Option:
  - Tribes must be certified beneficiaries to the Tribal Trust Agreement and submit Notice of Intent to Participate under EPA's DERA's Tribal program
  - VW funds can be used for non-federal voluntary cost share costs of the eligible project under the DERA Tribal program
  - VW funds cannot be used to meet the mandatory cost share requirements under the DERA program
- EPA's DERA Tribal Grant Program:
  - RFP is currently out for $1.5 million until **Thursday, January 18, 2018 at 11:59 PM Eastern Time**

DERA: Eligible Vehicles, Engines & Equipment

- May include (but are not limited to) EPA or CARB-verified/certified diesel powered:
  - Buses: school, city, shuttle buses
  - Medium-duty or heavy-duty trucks: Class 5–8 delivery, short- or long-haul buses
  - Marine engines: boats, ships
  - Locomotives
  - Non-road engines, equipment or vehicles:
    - Construction; handling of cargo (at a port or airport); agriculture; mining; energy production (stationary generators and pumps)

DERA: Eligible Projects

- Verified Exhaust Control Technologies
- Verified Engine Upgrades and Remanufacture Systems
- Verified/Certified Cleaner Fuel Use
- Verified Idle Reduction Technologies
  - Auxiliary Power Units, Fuel Operated Heaters, etc.
  - Shore Power Connection Systems and Electrified Parking Spaces
- Verified Aerodynamic Technologies & Low Rolling Resistance Tires
- Certified Engine Replacements
- Vehicle and Equipment Replacements
- Clean Alternative Fuel Conversions

EPA Funding Percentage

Vehicle and Equipment Replacements

- All other Nonroad Equipment and Vehicles, and Locomotives: EPA funds 50% of the cost
- Highway Diesel Vehicles
  - Up to 50% of the cost of a replacement vehicle powered by a 2013 model year or newer engine certified to EPA emissions standards
  - Up to 60% an all-electric replacement vehicle

Diesel Generator Replacement

Vehicle and Equipment Replacements

- Stationary Generators for Power Production: EPA funds 80% of the cost
  - Using diesel generator for energy power production operating +500 hours per year
  - Replace or downsize old diesel generator
  - Install new zero-emission electricity generation system with energy storage (i.e., battery)
    - Powered by solar PV or wind energy- yet EPA funds may not cover these components of the system

2016 DERA Grant

THE MORONGO BAND OF MISSION INDIANS
A SOVEREIGN NATION

- Morongo community:
  - Located in Riverside County, nonattainment area for fine particulate matter ($PM_{2.5}$) and ozone
  - Borders Interstate 10 with +140,000 vehicles/day
- EPA funding = $167,000
- Mandatory match by Morongo = $167,000
- Public Works Department vehicles- scrap old diesel vehicles
- Replacing:
  - One 1997 trash truck with a 2016 cleaner one
  - One 1998 dump truck with a 2016 cleaner one

2016 DERA Grant

- Gila River adjacent to Phoenix Metro area nonattainment for $PM_{2.5}$ and ozone
- Sacaton Elementary School District is a public school in Gila River, operating 10 school buses
- EPA funding = $154,000
- Mandatory match by Gila River = $154,000
- Voluntary funding = $465
- Replace two school buses owned by the Sacaton School District with 2015 or newer buses
- The School District will scrap the older buses

DERA: Evaluation Criteria

Evaluation and Scoring Criteria	Points
Project Summary & Overall Approach	25
Project Location	15
Benefits to the Community	5
Community Engagement and Partnerships	5
Project Sustainability	5
Environmental Results – Outputs, Outcomes, and Performance Measures	15
Programmatic Capability and Past Performance	20
Budget	15
Applicant Fleet Description	5

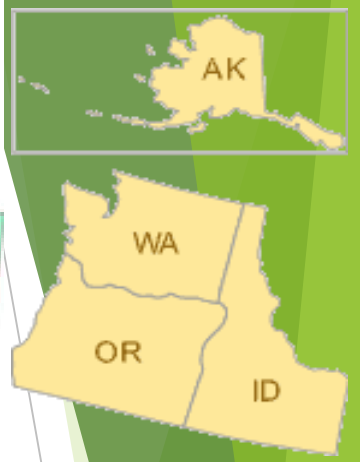
VW Settlement & EPA DERA Grant

- Apply for Beneficiary status December 22, 2017; final deadline January 2, 2018
- Technical assistance by the Institute for Tribal Environmental Professionals (ITEP)
  - Webinar November 9th www.ntaatribalair.org
- Apply to EPA's DERA Tribal Grant Program by January 18, 2018
  - Webinar November 9th www.epa.gov/cleandiesel/clean-diesel-tribal-grants

National Clean Diesel Campaign

REGION 9

REGION 10



Medium- and Heavy-Duty Alternative Fuel Corridors Project

WEST COAST COLLABORATIVE

A public-private partnership to reduce diesel emissions

West Coast Alternative Fuel Corridors

- Interstate collaboration to develop west coast corridors for alternative fueling stations.
- This would address:
  - Air quality
  - Climate change
  - Fuel supply diversity
  - Sustainable freight, transit and public works
  - Local job creation and economic development

Alternative Fuel Corridor Designations

- U.S. Department of Transportation (DOT) designates alternative fuel corridors for vehicle fueling infrastructure
- Strategic locations along major highways to fuel vehicles with:
    - Hydrogen fuel cell stations
    - Propane fueling stations
    - Natural gas fueling stations
    - Battery-electric charging stations

Alternative Fuel Infrastructure Corridor Coalition

1) Convene a stakeholder coalition focused on infrastructure deployment
2) Coordinate workgroups to develop a multi-state infrastructure plan
3) Synthesize stakeholder input into a plan document
4) Use the plan as the basis for joint applications to U.S. DOT's competitive funding programs
5) Obtain federal funding to help implement fueling infrastructure (i.e., natural gas, propane, hydrogen and electric vehicle charging stations) in CA, OR and WA

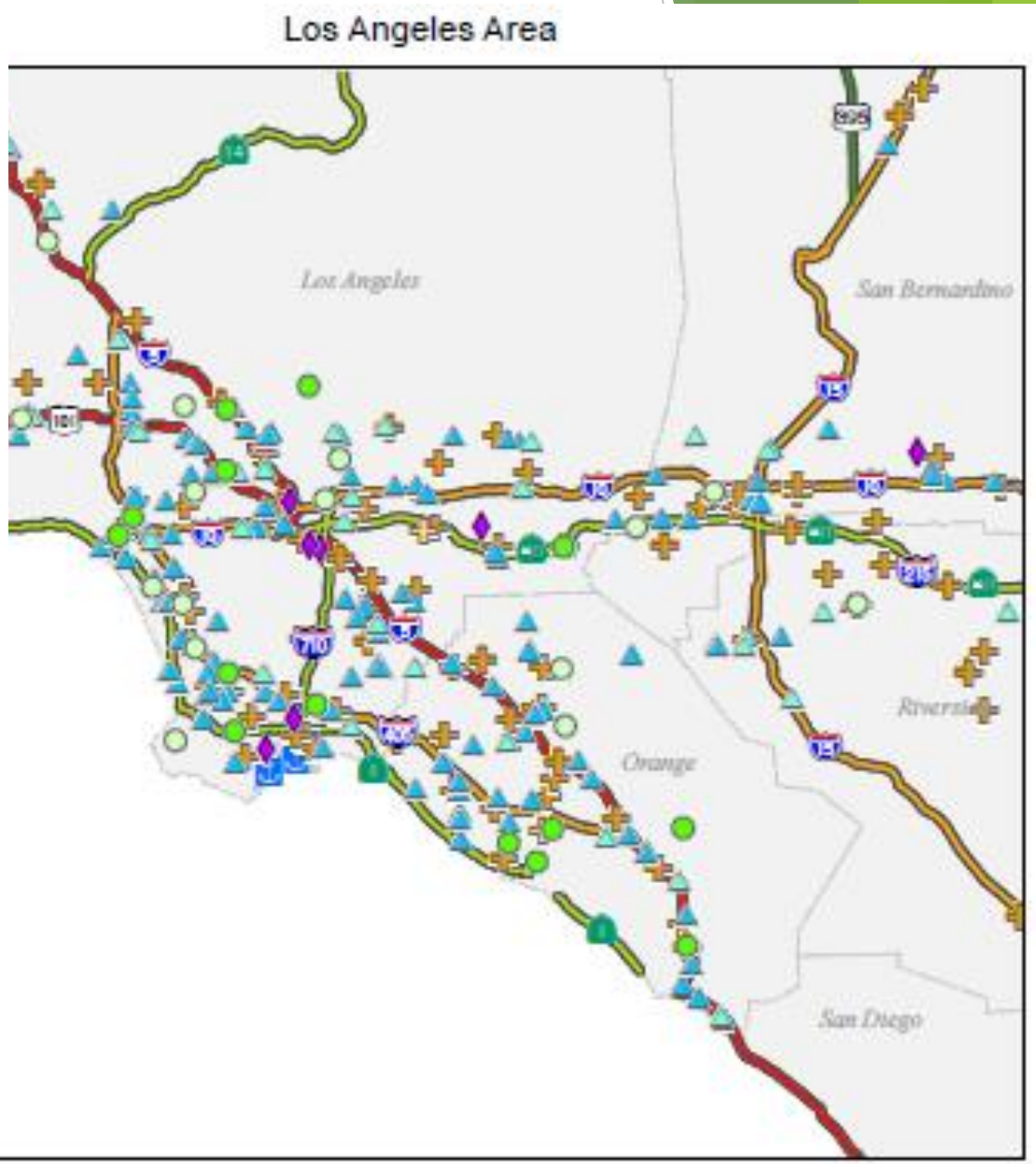
Alternative Fuel Corridor Nominations

Alternative Fuel Stations

- Existing Hydrogen Station
- Planned Hydrogen Station
- Existing DC Fast EV Charging Station
- Planned DC Fast EV Charging Station
- Existing Natural Gas Station
- Planned Natural Gas Station
- Intermodal Freight Facilities

CSTDM VMT 2040

- < 1,205,086,470
- 1,205,086,480 - 3,848,366,780
- 3,848,366,790 - 9,653,285,450
- > 9,653,285,460
- Port



Dept. of Transportation Funding

Congestion Mitigation and Air Quality Improvement Program = ~$2.4B

Fostering Advancements in Shipping and Transportation for the Long-term Achievement of National Efficiencies = ~$900M

Transportation Investment Generating Economic Recovery = ~$500M

Transportation Infrastructure Finance and Innovation Act = ~$300M

Bus and Facility Competitive Grants = ~$300M

Low-No Bus Grants = ~$55M

ENERGY STAR For Tribal Casinos and Hotels

- Create an energy management guide
- Benchmark energy use
- Use ENERGY STAR guidance and resources
- Adopt energy efficient measures

Energy saved= $$$ Saved!

ENERGY STAR For Tribal Casinos & Hotels

Current Projects Include:

- Complete lighting retrofit
- Energy efficiency audits
- Switch to certified appliances
- Heating and cooling system upgrades
- Switch to energy efficient slot machines

Quick payback period!

Additional Information

- VW Settlement & DERA Funds
  - EPA VW Trust Agreement: www.epa.gov/enforcement/Volkswagen-clean-air-act-civil-settlement
  - DERA Option: www.epa.gov/cleandiesel/Volkswagen-vw-settlement-dera-option
    - **Lucita Valiere, EPA DERA Tribal Lead, 206-553-8087 Valiere.Lucita@epa.gov**
  - EPA DERA Grant Program and RFP:

www.epa.gov/cleandiesel/clean-diesel-tribal-grants

  - National Tribal Air Association for Technical Assistance & the VW Workgroup: www.ntaatribalair.org
- Other Programs
  - Alternative Fuel Infrastructure: John Mikulin, EPA Region 9, Mikulin.John@epa.gov
  - ENERGY STAR: Cara Gillen, EPA Region 9, Gillen.Cara@epa.gov

Questions?

Potential Pitfalls

- Project changes mid-stream are not likely to be allowed
  - Potential competition issues – scores are based on vehicles/technologies/locations
  - Applicants need to think through the project and anticipate technology challenges
- Vehicle & technology options & limitations
  - Not all technology combinations are appropriate for all vehicles
    - i.e. DPFs must meet exhaust temperature thresholds
- Do as much homework ahead of time as possible to avoid complications

Potential Pitfalls

- Thoroughly plan and document engine upgrades & repowers
  - Upgrades & repowers must achieve reductions based on verified levels or to more stringent standards
  - Many older vehicles cannot accept current technology engines
- Complete, new emission control systems must be included
  - Check engine model years and tiers of proposed engines to make sure they're eligible for funding

Potential Pitfalls

- Technology must be verified for *specific type* of vehicle and model year – check the EPA and CARB verified technologies lists!
  - Review verification letters, attachments & criteria
  - Thoroughly evaluate candidate vehicles
  - Obtain detailed documentation from vendors
  - Retain complete records for each installation
- Reporting, Reporting, Reporting
  - Expect more transparency and monitoring
  - Quarterly reports, detailed fleet info, national databases, verifiable results & records