

Oklahoma Volkswagen Settlement

Beneficiary Mitigation Plan Public Meeting

May 8, 2018

Presented by:

Oklahoma Department of Environmental Quality and the Office of the Secretary of Energy and Environment



Beneficiary Mitigation Plan (BMP)

The BMP IS:

- a broad plan, and is understood to contain best estimates
- required to be approved by the Trust in order to receive funds
- meant to be flexible enough to hold up for ten years
- meant to be inclusive enough to give all eligible projects a chance

Beneficiary Mitigation Plan (BMP)

The BMP IS NOT:

- intended to contain any planning elements that are likely to change
- intended to detail specific funding programs
- meant to layout a selection or ranking process for potential projects

Beneficiary Mitigation Plan

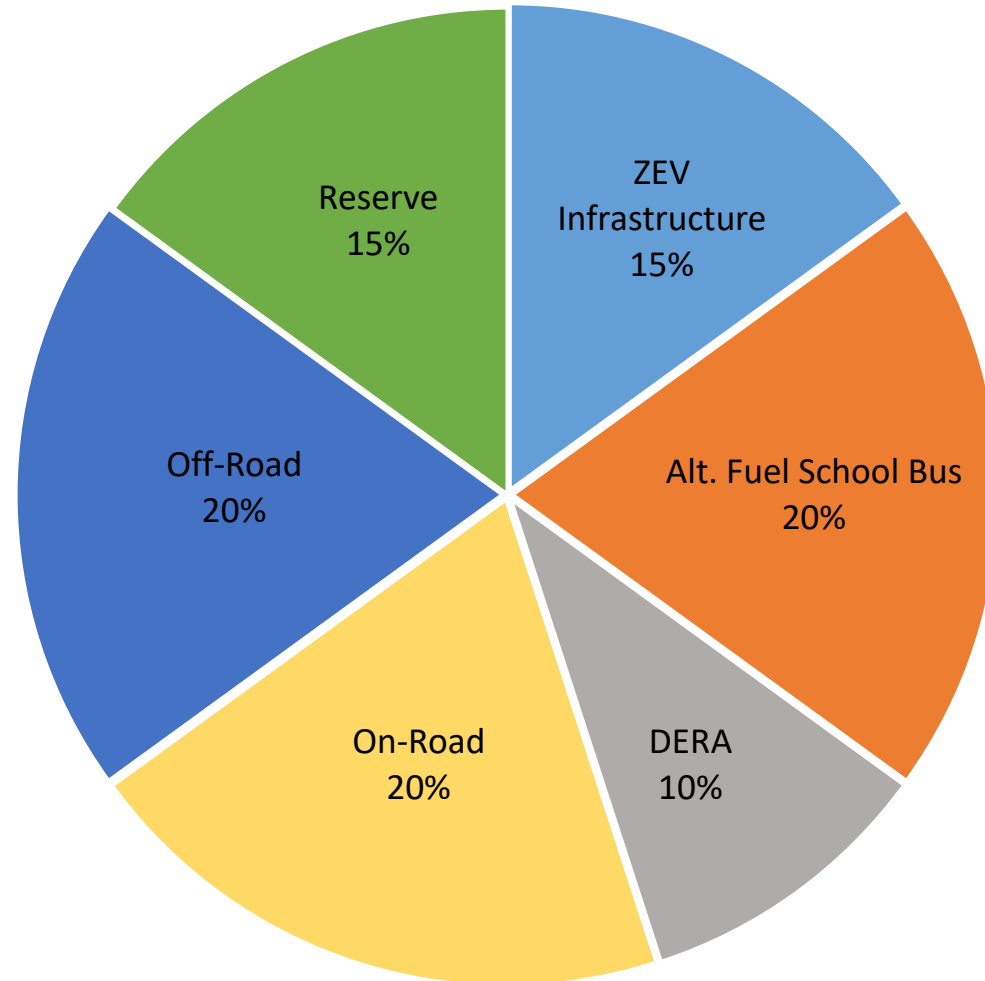
Essential Elements

- Goals
- Chosen “Eligible Mitigation Action” categories
- Funding percentages for each category
- *Consider impact of mitigation actions on air quality in areas that bear a disproportionate share of air pollution burden within the state*
- Emission benefit estimates

Oklahoma Beneficiary Mitigation Plan Goal

To cost-effectively reduce mobile Nitrogen Oxide (NOx) emissions throughout the State

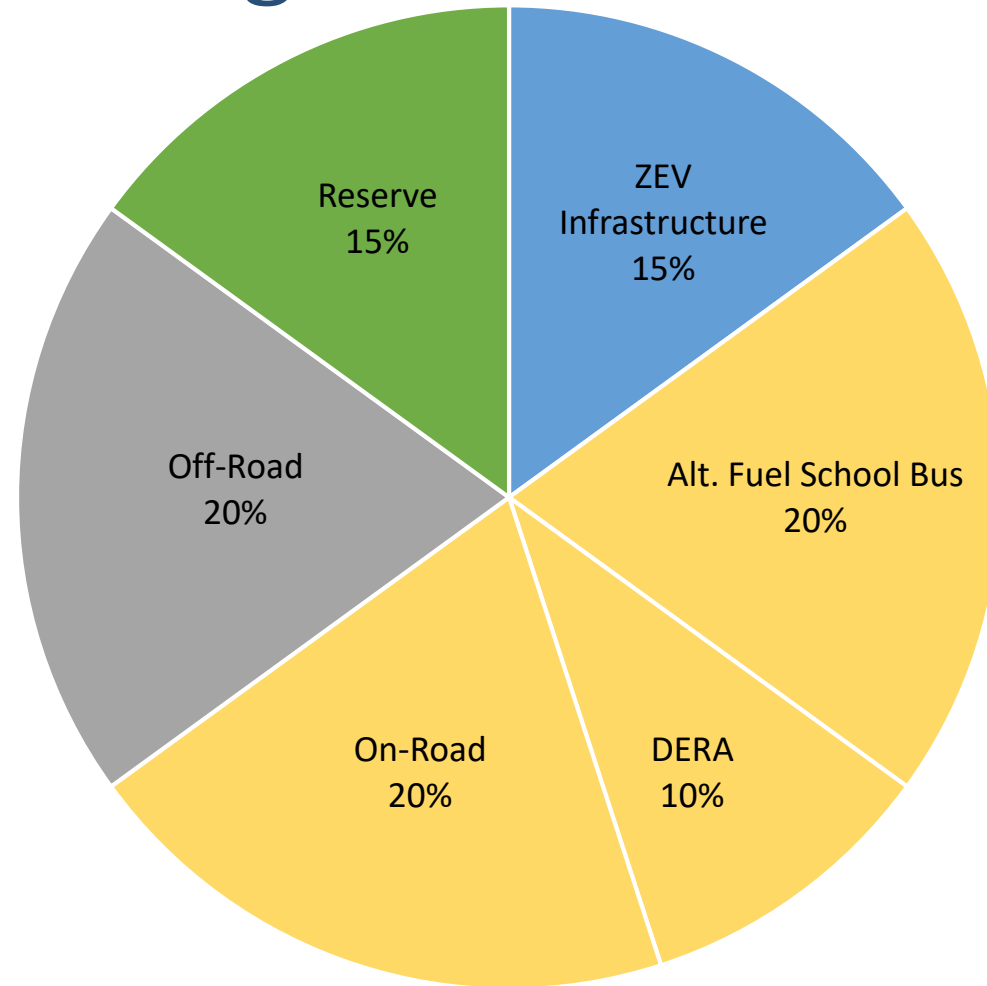
Eligible Mitigation Action Categories



Eligible Mitigation Action Categories

Mitigation Action Category	Funding %
Alternative Fuel School Bus Program	20%
DERA Grants <ul style="list-style-type: none"> • Diesel School Buses • Retrofits and other DERA-only projects 	10%
On-Road Program <ul style="list-style-type: none"> • 1: Class 8 Local Freight Trucks and Drayage Trucks • 2: Class 4-8 Shuttle Bus or Transit Bus • 6: Class 4-7 Local Freight Trucks 	20%
Off-Road Program <ul style="list-style-type: none"> • 3: Freight Switchers • 4: Ferries/Tugs • 7: Airport Ground Support Equipment • 8: Forklifts and Port Cargo Handling Equipment 	20%
Light Duty Zero Emission Vehicle Supply Equipment	15%
Reserve Flex Funding	15%
TOTAL	100%

Eligible Mitigation Action Categories



When the On-Road Program, DERA, and Alternative Fuel School Bus Program are combined this results in 50% funding going towards total on-road projects.

Eligible Mitigation Action Categories: Details

The Bus Program is split up

- School Buses
 - Diesel to Diesel School Bus projects remain part of DERA
 - *Total DERA funding exceeds 10% VW funds, due to federal match*
 - Diesel to Alternative Fuel school bus projects have own program
 - School buses are not eligible under On-Road Program
- Transit and Shuttle Buses
 - Eligible under On-Road

Eligible Mitigation Action Categories: Details

Reserve Flex Fund

- To be distributed after other programs have begun (3+ years)
- Distribution will be based on
 - Demonstrated interest and need
 - Market conditions
 - Technology advancements and availability
- Some may be used for administrative costs
- Reserve fund cannot be used for ZEV infrastructure

Funding Priorities

All project applications meeting minimum guidelines will be considered *regardless of location or cost effectiveness*. Projects that more closely fit the BMP's goal and priorities are more likely to receive funding **BUT** it is possible for any submitted project to receive funds.

Funding Priorities

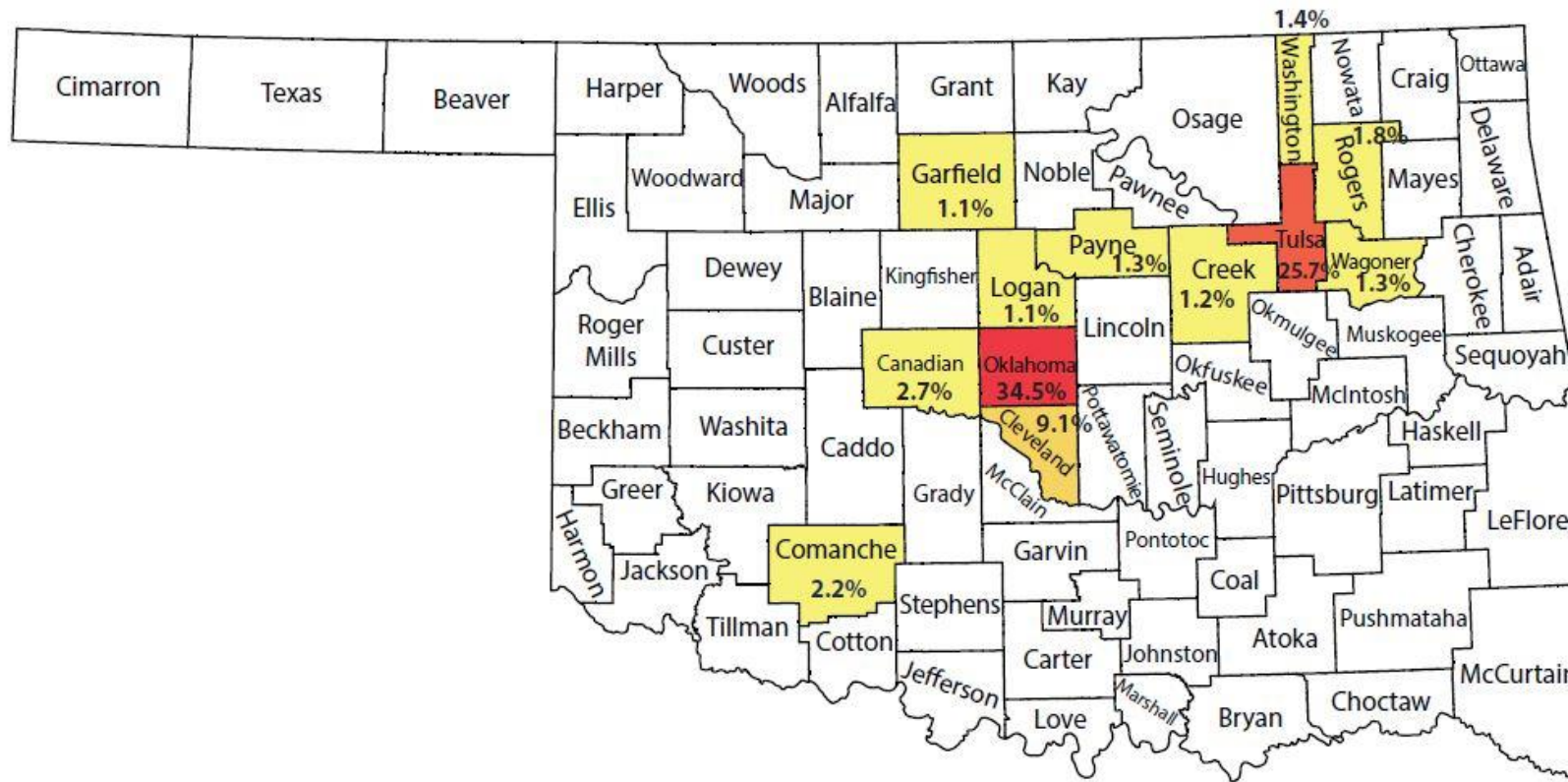
- Cost-Effectiveness
- Mobile NO_x Emissions Reduction
 - Historically High Ozone Areas
 - Volkswagen Registration Areas
 - NEI Areas and Target Sectors

Cost-Effectiveness

- Cost per ton of NOx reduced
- Percentage of matching funds offered

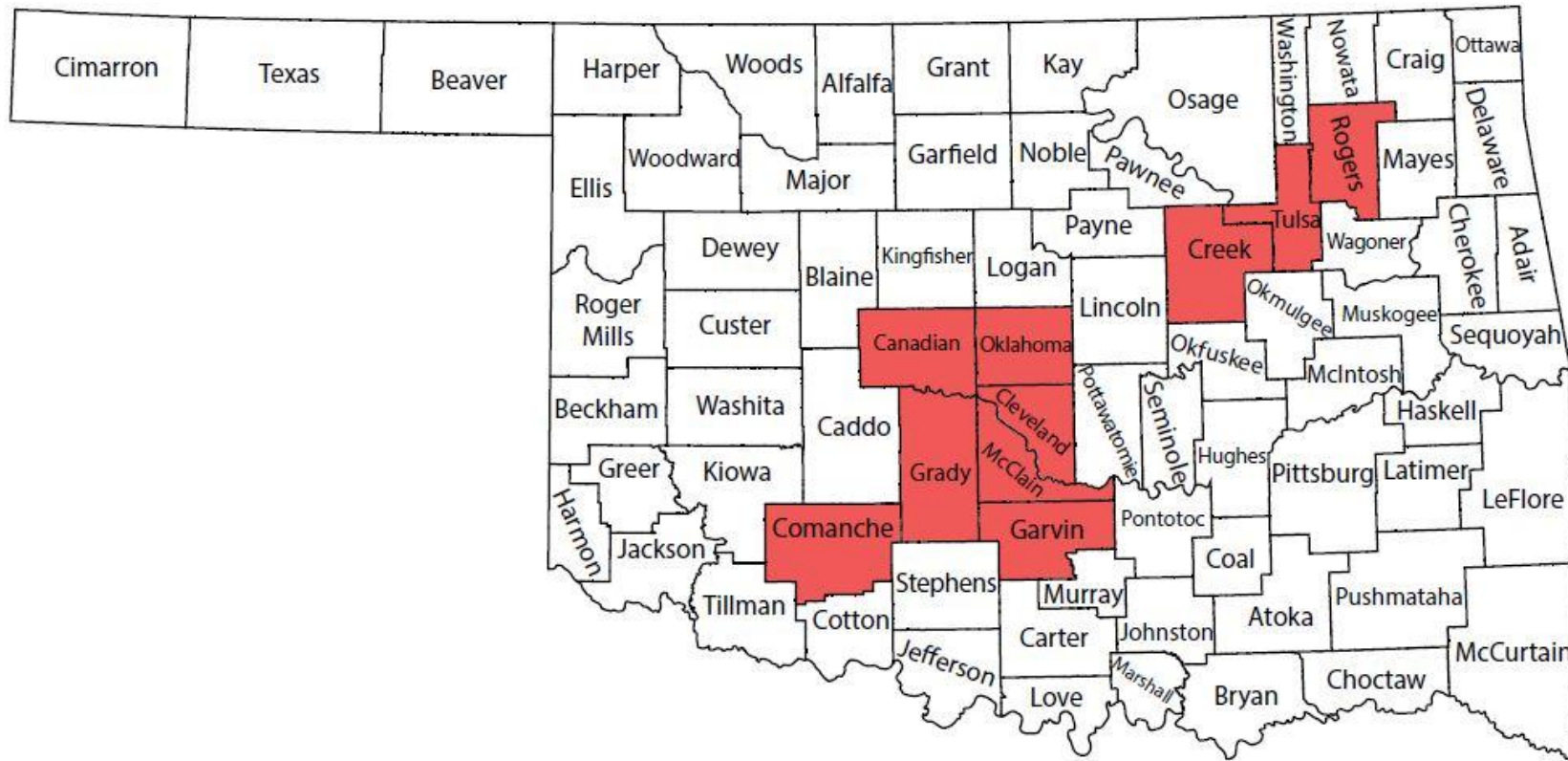
NOx Emissions: Volkswagen Registration Areas

Counties with >1% of Estimated Affected VW (et al.) Vehicles



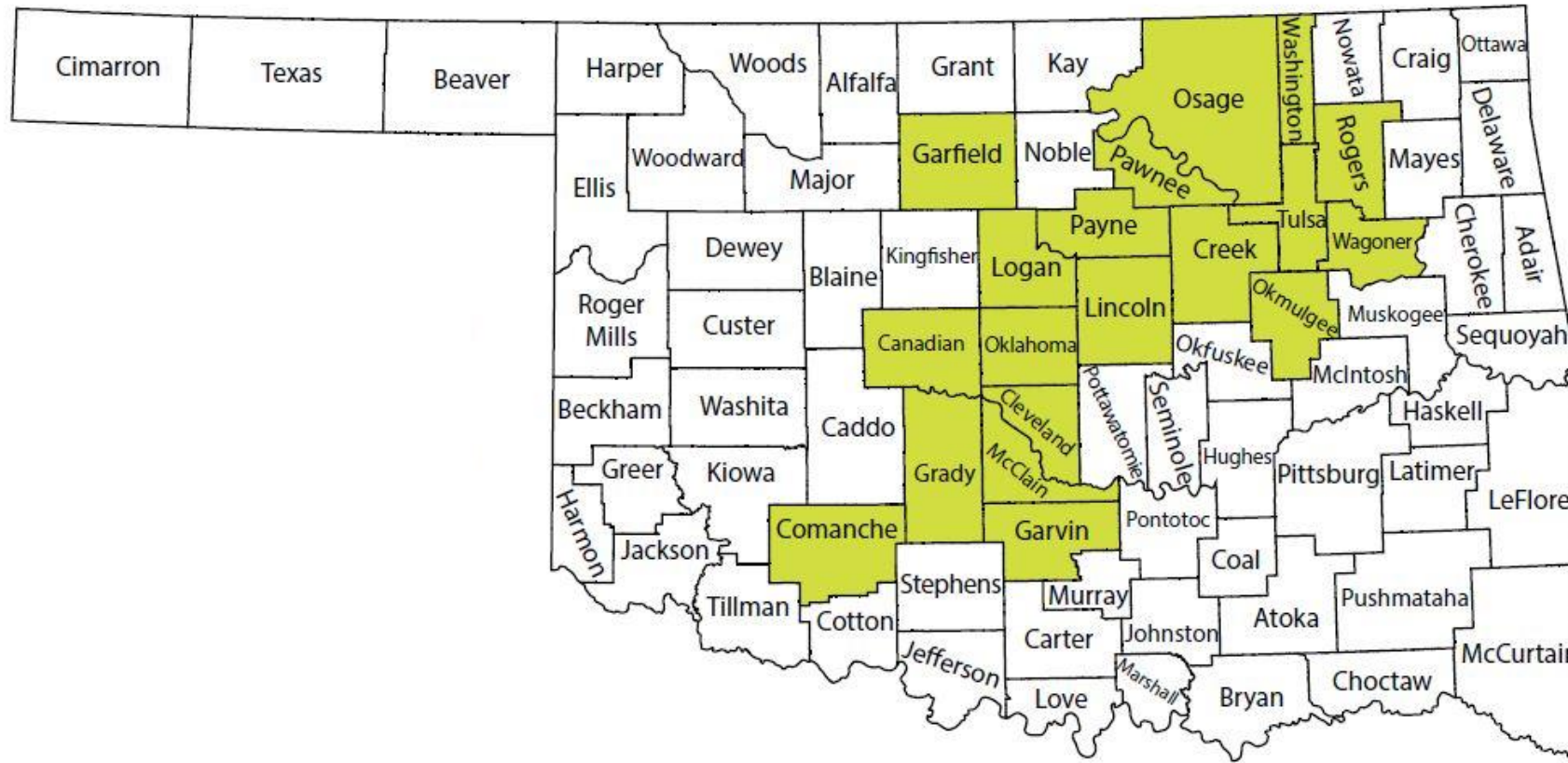
NO_x Emissions: National Emissions Inventory (NEI) Areas

Top 10 Oklahoma Counties by All Mobile NO_x Emissions

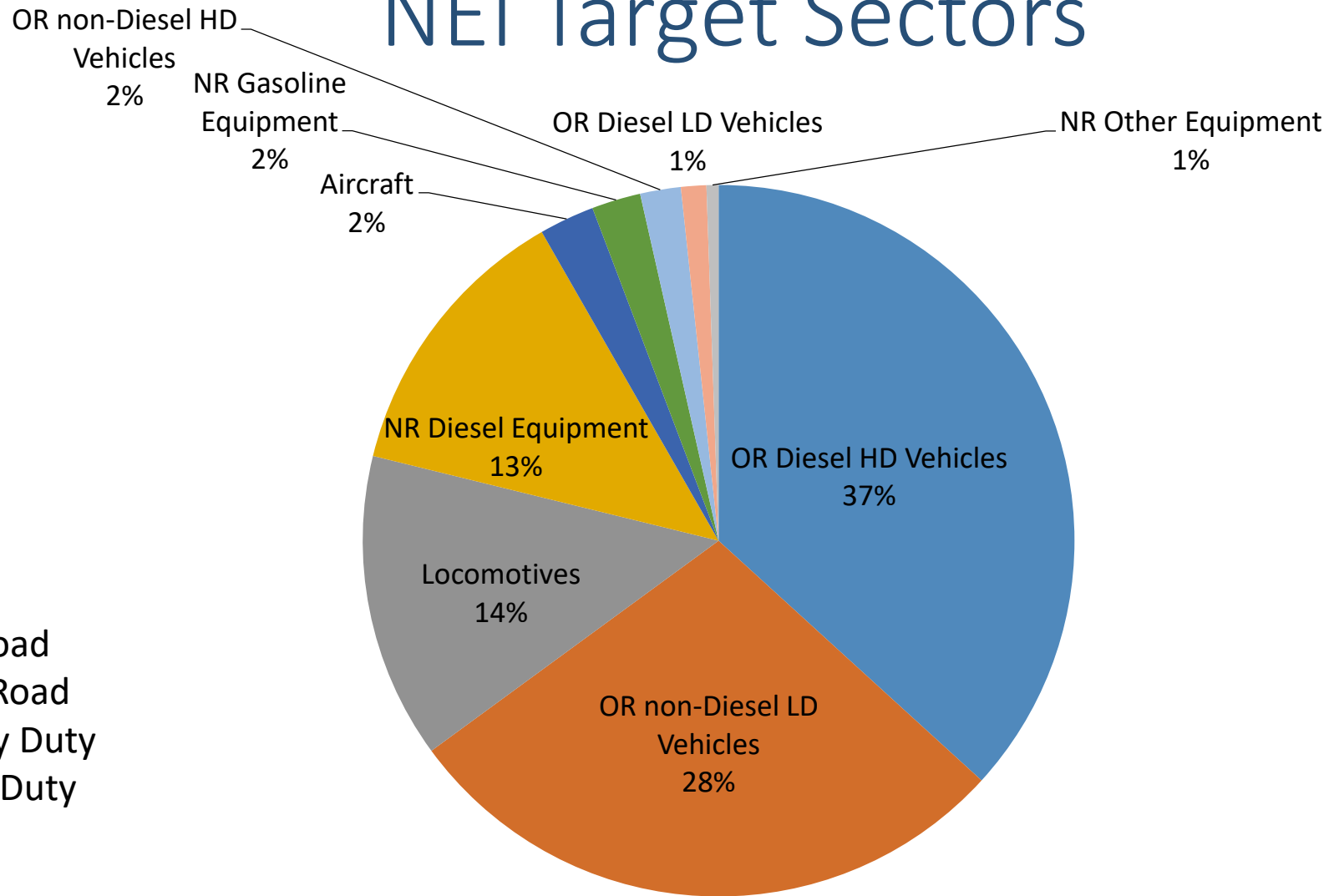


NOx Emissions: Geographic Overview

Suggested Priority Counties



NEI Target Sectors



OR = On-Road
NR = Non-Road
HD = Heavy Duty
LD = Light Duty

NEI Target Sectors

The top four NEI Sectors will be prioritized

Sector	NOx (tons)	App. D-2 Category Correlation
On-Road Diesel Heavy Duty Vehicles	49,741	Categories 1, 2, 6
On-Road non-Diesel Light Duty Vehicles	38,124	Category 9
Locomotives	18,785	Category 3
Non-Road Equipment - Diesel	17,443	Categories 7,8
Aircraft	3,394	n/a
Non-Road Equipment - Gasoline	3,011	Categories 7,8
On-Road non-Diesel Heavy Duty Vehicles	2,499	Categories 1, 2, 6
On-Road Diesel Light Duty Vehicles	1,555	n/a
Non-Road Equipment - Other	738	n/a
Commercial Marine Vessels	320	Category 4

NOx Emissions: Extra Considerations

Additional locations which bear a disproportionate share of air pollution burden from diesel fleets:

- The I-40, I-35, and I-44 traffic corridors
- Truck stops
- Ports
- Rail yards
- Terminals of freight or passenger lines
- Construction sites
- Bus Depots/yards
- Distribution centers

Next Steps

- Review Comments
- Finalize or Edit BMP
- Submit BMP to the Trust
 - 30 days after submittal, may begin requesting funds
- Create supporting documents for first programs
 - (RFP, application, scoresheet, MOA, etc)
- Roll out first phase of programs ASAP

Program Phases

- Phase 1 – ZEV Infrastructure, Alternative Fuel School Bus
- Phase 2 – On-Road
- Phase 3 – Off-Road
- Phase 4 – Reserve Flex Fund and Unused Fund Redistribution
- Ongoing each year – DERA

Program Process

- Funding will be [competitive](#) within each program category
- All DEQ information and awards will be online for [transparency](#)
- May take up to 105 days for [reimbursement](#) to DEQ from the Trust. Funds then must be transferred from DEQ to recipient.
- As mandated by Trust, [reporting](#) will be required
- All projects will require a [match](#)
- Oklahoma will [simplify](#) entire process as much as possible

Additional Information

Detailed program design

- In-depth programmatic details are not set
- Details will all be online when RFPs are announced
- Comments submitted during all previous comment periods, including this one, will be considered during RFP and program design

Additional Information

Cost-effectiveness and emission reduction tools

- Selection process ongoing
- Selected tools will be in RFPs if used for application scoring
- Likely different tools for different project types

Additional Information

Tentative Timeline: many moving pieces!

- Earliest date BMP could be submitted = May 25
- Earliest date programs will be announced = 30 days after BMP submittal
 - June 25 at the earliest
- Earliest estimated date for DEQ to receive money = 125 days after BMP submittal
 - Sept 4 at the earliest
- DERA will probably be ready first
- Likely longer for ZEV Infrastructure and Alternative Fuel School Buses

Additional Information

- Further comment periods
 - Only if needed for BMP
- BMP may be amended after submittal if necessary
- All updates will go on the DEQ VW Webpage:

<http://www.deq.state.ok.us/aqdnew/vwsettlement/index.htm>

Oklahoma Volkswagen Settlement

Email: VWSettlement@deq.ok.gov

More information available at www.deq.state.ok.us/aqdnew/vwsettlement

(Mailing list option on website)

Thank You!

