

Oklahoma Volkswagen Settlement

Beneficiary Mitigation Plan Public Meeting

December 5, 2017

Presented by:

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



Meeting Structure

Welcoming Remarks by Secretary Teague

Presentation by Heather Lerch

Public Comments

Reminders:

- *Please turn off your cell phones.*
- All comments will become public record and will be taken into consideration during the settlement fund planning process.
- A formal response to comments will not be provided.

Presentation Overview

Volkswagen Settlement Overview

Timeline

Oklahoma Allocations and Priorities of the Trust

Eligible Mitigation Actions

Settlement Background

- From 2009-2016, Volkswagen, Audi, and Porsche sold approx. 590,000 vehicles equipped with defeat devices, emitting harmful air pollution (nitrogen oxides/NO_x) up to 40-times the legal limit
- The United States Environmental Protection Agency (EPA) and Volkswagen, et al., reached a \$2.7 billion national settlement
 - 2.0 liter diesel engines & 3.0 liter diesel engines
- States, territories, and tribes are allocated a portion based on their number of affected vehicles
- Settlement funds will pay for defined eligible projects that reduce NO_x (Eligible Mitigation Actions)
- **GOAL:** *reduce NO_x emissions from the transportation sector*

Non-State Funds

Consumer Response

- Certain vehicles are eligible for recall, repair, and/or buy-back
<https://www.vwcourtsettlement.com/en/>

Tribal Funds

- Over \$54 million allocated for tribes
<https://vwclearinghouse.org/resource/environmental-mitigation-trust-agreement-for-indian-tribes-beneficiaries/>

Zero Emission Vehicle (ZEV) Funds

- \$1.2 billion available for projects, and managed by EPA
<https://www.electrifyamerica.com/>

Timeline

October 25, 2016	Settlement Effective Date
October 2, 2017	Trust Effective Date (TED) established
November 14, 2017	Oklahoma filed for Beneficiary Status
December 5, 2017	State of Oklahoma Public Meeting
January 30, 2018	Notice of Beneficiary Designation
Spring 2018	Draft OK BMP released for 30-day public comment period
30-days prior to initial funding request	OK Beneficiary Mitigation Plan Deadline

Oklahoma Structure

- Initial funding allocations = \$20,922,485.12
- Through Gov. Fallin's Executive Order (2017-33),
 - Named Oklahoma DEQ as Lead Agency
 - Gave the Oklahoma SOEE oversight authority
- Must develop a Beneficiary Mitigation Plan (BMP)
 - Reason for hosting this public meeting
 - Draft-version will be available for public comments

Funding Structure

Spending Limits

- Year 1 – $\frac{1}{3}$ of the funds can be drawn down
- Year 2 – $\frac{2}{3}$ of the funds can be drawn down
- Year 3 – final $\frac{1}{3}$ of the funds can be drawn down
- Up to 15% of funds are available for infrastructure
- Up to 15% of funds are allowable for administrative cost

Timeline

- 10 years to use all funds
- More funds *may* be available at the end of 10 years

Beneficiary Mitigation Plan

Essential

- 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 benefits

Optional

- Plan amendments
- Joint applications with other state beneficiaries

Note: BMP is simply a broad plan, and is understood to contain best estimates

Attachment D-2: Eligible Mitigation Actions

1. Heavy Duty Trucks	6. Medium Duty Trucks
2. Buses	7. Airport Ground Support Equipment
3. Freight Switchers	8. Forklifts and Port Cargo Equipment
4. Ferries and Tugs	9. Zero Emission Vehicle Equipment
5. Ocean Going Vessels Shorepower	10. DERA option

1. Large Trucks

Target Equipment			GVWR	EMY	Scrap
Local Freight Trucks and Port Drayage Trucks			Class 8	1992-2009	Yes
Project	Equipment	Fuel	Non-Govt	Govt	Notes
Repower	New diesel or alternative fuel	Freight	40%	100%	Can include engine installation cost
		Drayage	40%	100%	
	New all-electric	Freight	75%	100%	Can include engine installation and charging infrastructure
		Drayage	75%	100%	
Replace	New diesel or alternative fuel	Freight	25%	100%	(none)
		Drayage	50%	100%	
	New all-electric	Freight	75%	100%	Can include charging infrastructure
		Drayage	75%	100%	

2. Buses

Target Equipment		GVWR	EMY	Scrap
School, Shuttle, or Transit Buses		Class 4-8	2009 or older	Yes
Project	Equipment	Non-Govt	Govt	Notes
Repower	New diesel or alternative fuel	40%	100%	Can include engine installation cost
	New all-electric	75%		Can include engine installation and charging infrastructure
Replace	New diesel or alternative fuel	25%		(none)
	New all-electric	75%		Can include charging infrastructure

3. Freight Switchers

Target Equipment		Operations	Tier	Scrap
Freight Switchers		1000+ hours per year	Pre-Tier 4	Yes
Project	Equipment	Non-Govt	Govt	Notes
Repower	New diesel or alternative fuel engine	40%	100%	Can include installation
	New all-electric engine (including generator set)	75%		Can include installation and charging infrastructure
Replace	New diesel or alternative fuel	25%		(none)
	New all-electric (including generator set)	75%		Can include charging infrastructure

4. Ferries/Tugs

Target Equipment		Tier		Scrap
Ferries and/or Tugs		Unregulated, Tier 1, or Tier 2 Marine engines		Yes
Project	Equipment	Non-Govt	Govt	Notes
Repower	New Tier 3 or 4 diesel or alternative fuel engine, or upgraded with EPA Certified Remanufacture System or EPA Verified Engine Upgrade	40%	100%	Can include installation
	New all-electric engine	75%		Can include installation and charging infrastructure

5. Ocean Going Vessels Shorepower

Project	Equipment	Non-Govt	Govt
Marine shorepower systems that allow vessels to turn off their engines while at berth	Details on page 6 of Appendix D-2	25%	100%

6. Medium Trucks

Target Equipment		GVWR	EMY	Scrap
Local Freight Trucks		Class 4-7	1992-2009	Yes
Project	Equipment	Non-Govt	Govt	Notes
Repower	New diesel or alternative fuel	40%	100%	Can include engine installation cost
	New all-electric	75%		Can include engine installation and charging infrastructure
Replace	New diesel or alternative fuel	25%		(none)
	New all-electric	75%		Can include charging infrastructure

7. Airport Ground Support Equipment

Target Equipment		Diesel Tier	Spark ignition	Scrap
Airport Ground Support Equipment		Tier 0, Tier 1, or Tier 2	Uncertified or certified 3 g/bhp-hr or higher emissions	Yes
Project	Equipment	Non-Govt	Govt	Notes
Repower	New all-electric engine	75%	100%	Can include installation and charging infrastructure
Replace	Same equipment, New all-electric	75%		Can include charging infrastructure

8. Forklifts & Port Cargo Handling Equipment

Target Equipment		Equipment rating		Scrap
Forklifts and Port Cargo Handling Equipment		8000+ lb lift		Yes
Project	Equipment	Non-Govt	Govt	Notes
Repower	New all-electric engine	75%	100%	Can include installation and charging infrastructure
Replace	Same equipment, New all-electric	75%		Can include charging infrastructure

9. Zero Emission Vehicle Supply Equipment

Target Equipment		Electric	Fuel Cell
Light Duty ZEV Supply Equipment		Level 1, Level 2, or fast charging	Hydrogen dispensing capable of dispensing at a pressure of 70 MPa
Equipment type	Accessibility		Reimbursement
Electric Charging (Light duty vehicles)	Public		Non-Government owned: 80%
	Workplace or multi-unit dwelling, not open to general public		Government owned: 100%
Hydrogen Fuel Cell Charging (Light duty vehicles)	Public		60%
			250 kg/day: 33%
		100 kg/day: 25%	

Note: 15% ZEV Funding Limit Applies!

10. DERA Option

Project Type		VW Funds Used:	
Diesel Emissions Reduction Act (DERA)		Non-federal voluntary match	
DERA Programmatic Pieces			
Federal Program		State Competitive Program	State Allocation Program
About the state allocation program			
Each year DERA is funded, states are allocated a certain amount		If state matches funds, even more federal money is awarded	
About Oklahoma DEQ Programs			
Oklahoma DEQ has been running DERA programs on and off since 2008		Has focused on school buses, but more options are available	
http://www.deq.state.ok.us/aqdnew/cleandiesel			
<p>*State determines match amount and percentage with yearly application.</p> <p>*Yearly match could run in the tens of thousands to over 200k depending on yearly allocated funding.</p> <p>*All funding amounts are based on moneys allocated in the federal budget.</p>			

Oklahoma Volkswagen Settlement

Comments

Email: VWSettlement@deq.ok.gov

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

(Mailing list option on website)

