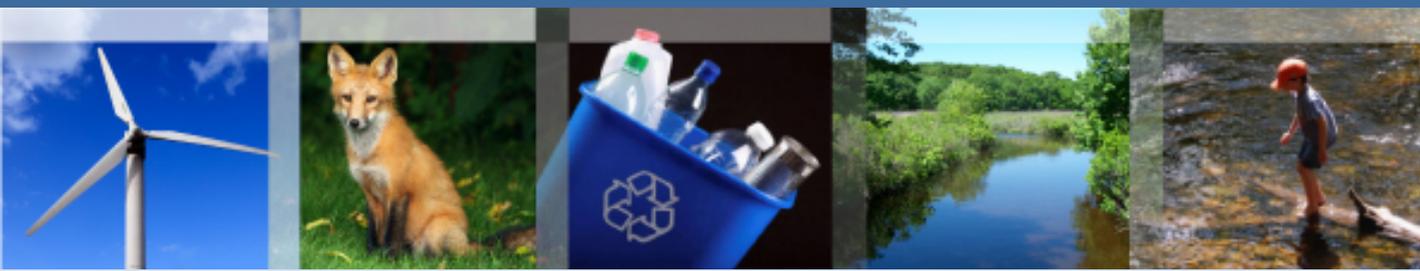




Connecticut Department of Energy and Environmental Protection



Volkswagen Trust Grant Program Round 2 Launched: August 1, 2019

SIPRAC 8/8/19
Patrice Kelly



Connecticut Department of Energy and Environmental Protection

VW Settlement Background



Connecticut Department of Energy and Environmental Protection

Timeline

2007 VW Prepares to Launch a Line of Clean Diesel Passenger Vehicles for the US Market

2008 EPA & CA Introduce Stronger Diesel Standards

2009 VW Begins Installing Defeat Devices on Diesel Vehicles

- Recognizes federal and California test procedures and alters performance to meet standards

2014 Independent Researchers Publish Results

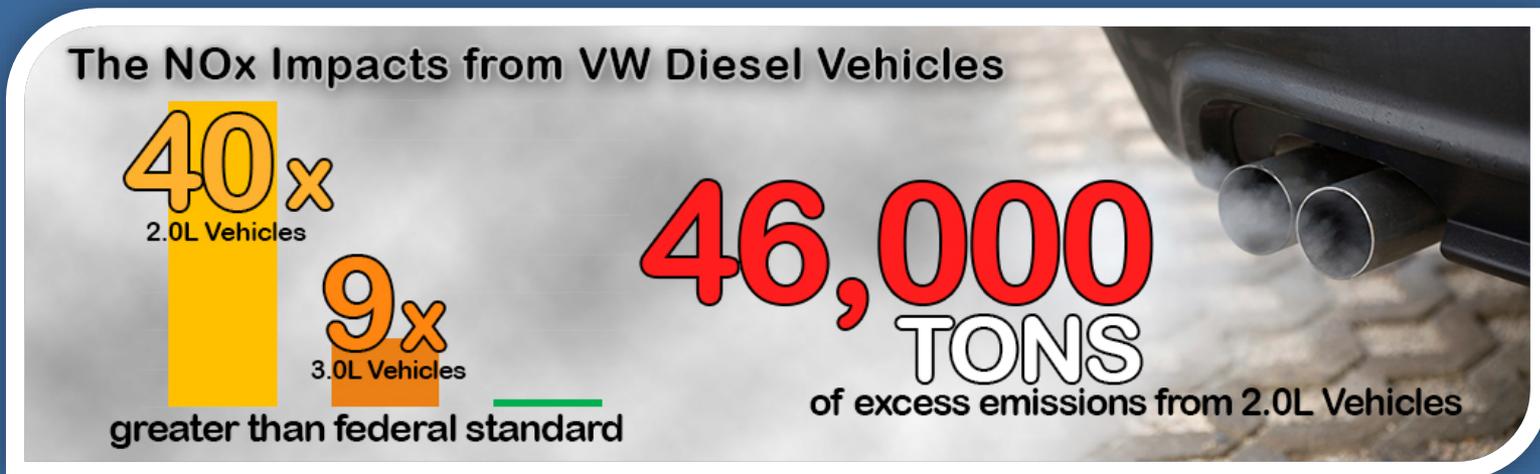
- “significantly higher in-use emissions” than certified levels for 2012 Jetta TDI

2015 VW Publicly Admits to Altering Vehicles to Meet Federal and California Standards



Volkswagen Settlement

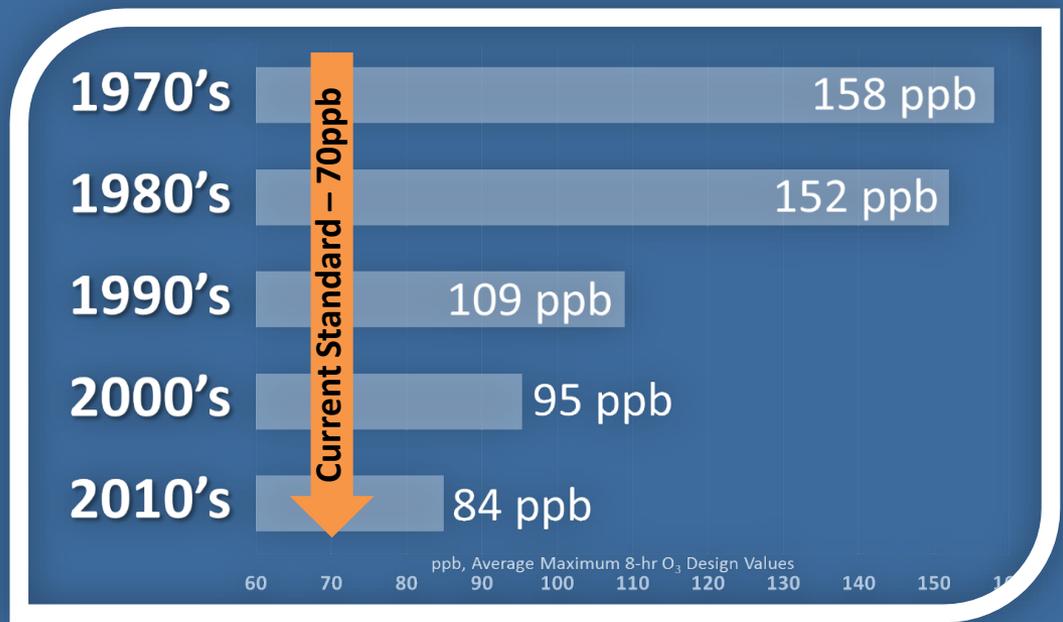
- Multiple consent decrees issued to address VW's illegal use of emission control "defeat devices" on nearly **590,000** VW, Audi, and Porsche 2.0L and 3.0L diesel vehicles for model years 2009-2016
- Intent of settlement funds is to achieve **Nitrogen Oxide (NOx) reductions** to offset the excess NOx created by the subject VW vehicles



Why NO_x Matters in CT: Ozone

- NO_x is emitted by cars, trucks, power plants, industrial sources - basically, **anything that burns fuel emits NO_x**
- Ozone forms in air when NO_x (and other pollutants) chemically react in the presence of sunlight
- Ozone is a harmful respiratory irritant, especially in children and elderly
- EPA revises ozone standards regularly to protect public health

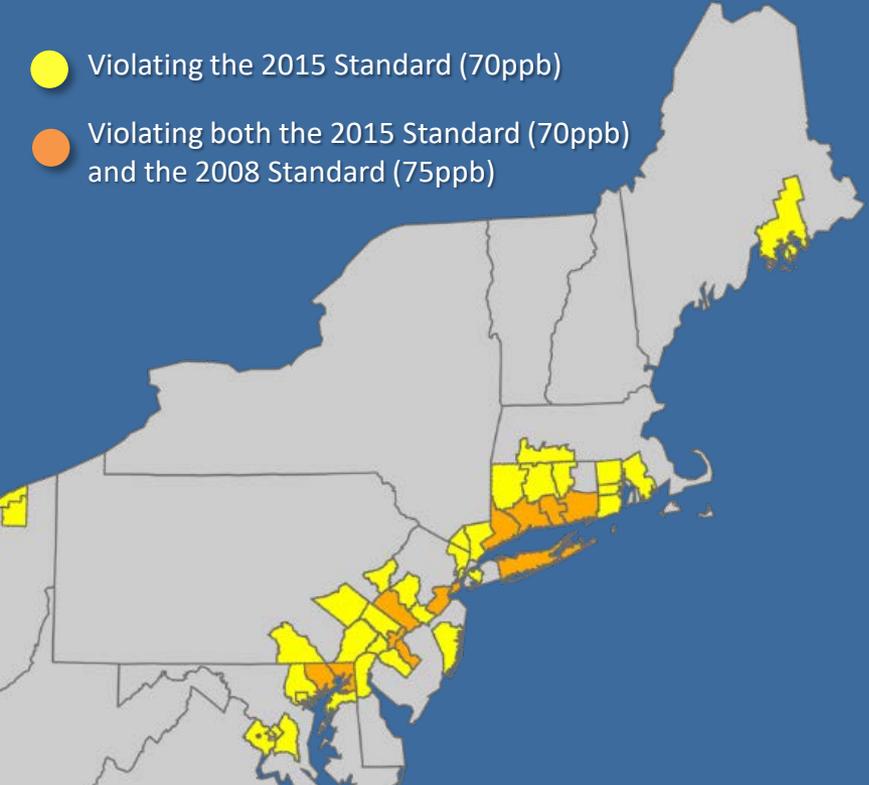
Lower Ozone Over Time – But Still Unhealthy



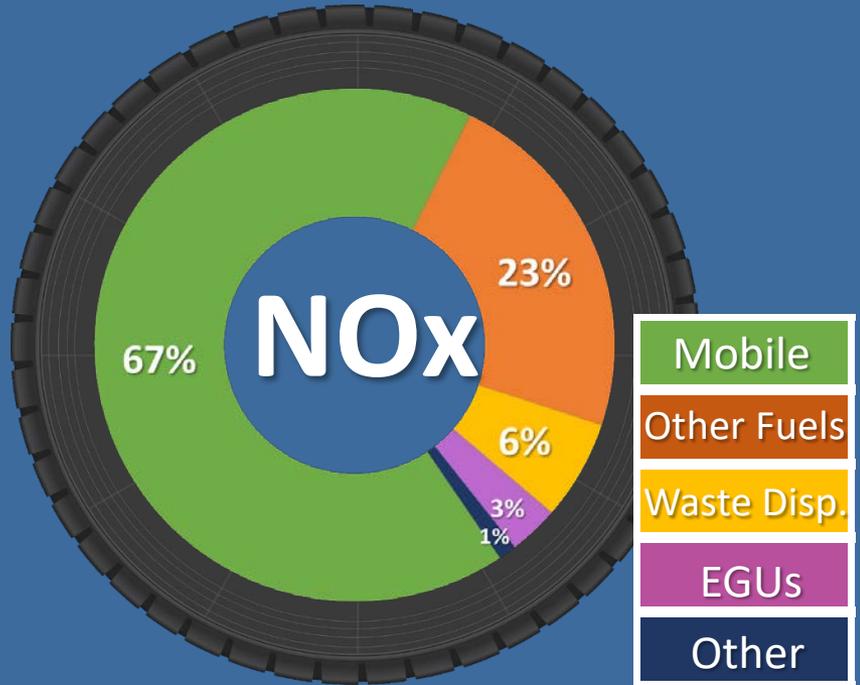
Connecticut's Air Quality Challenges

Counties with Ozone Violations in 2017 Ozone Season

- Violating the 2015 Standard (70ppb)
- Violating both the 2015 Standard (70ppb) and the 2008 Standard (75ppb)



Mobile Sources account for 67% of all NOx emissions in CT (on-road and non-road)



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VW NOx Mitigation Program in Connecticut



Connecticut Department of Energy and Environmental Protection

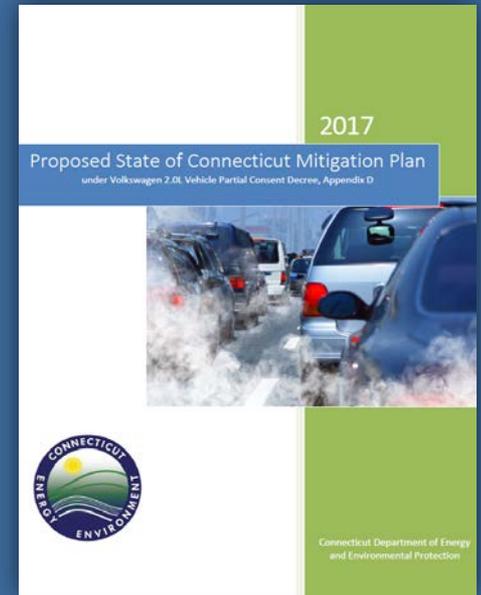
Environmental Mitigation Trust – Appendix D-2

- Settlement put **\$2.925 billion** into environmental mitigation trust
 - Support environmental programs to offset excess NOx from VW’s cars
- Allocation for CT is about **\$55.7 Million**
 - This allocation could increase if beneficiaries do not spend the money in time specified
- Disbursement over **10 year** schedule
- Trust account is administered by Wilmington Trust (“the Trustee”)
 - Trustee will approve project funding based on applications for eligible projects meeting specific criteria
- To access funds, CT became a “trust beneficiary” on January 29, 2018



CT Mitigation Plan

- As a beneficiary, CT was required to prepare Beneficiary Mitigation Plan which provided the public with a high level vision on how CT will use its funds
- Initial draft released in Feb 2017
 - Held informal public comment period and also held public informational session
- Proposed Final draft released in Feb 2018
 - After formal comment period
- Submitted Final Mitigation Plan to Trustee on April 26, 2018
- CT's Mitigation Plan is available at www.ct.gov/deep/vw



CT Mitigation Plan

- Flexible plan to cover all eligible project areas
- Immediate NOx reductions to offset illegal VW pollution
- Ability to grow with advancements in transformative mobile source technologies (i.e. electric HD trucks)
- Supports economically-responsible projects that result in significant emissions reductions



Mitigation Plan Funding Allocations

At least...

70%

- On-Road Heavy & Medium Duty Vehicles
- Non-Road Equipment
- Commercial Marine Vessels
- Locomotives
- Diesel Emission Reduction Act (DERA) Option



15%

Zero Emission Vehicle (ZEV) Supply Equipment

Up to...

15%

Administrative Expenditures



Connecticut Department of Energy and Environmental Protection

VW Incentives Round 1



Connecticut Department of Energy and Environmental Protection

Summary of Round 1

- Project Solicitation **May 30 - July 31, 2018**
- 56 proposals received, requesting **\$31.7 Million**
- 10 proposals selected, funding **\$11.8 Million**
 - Announced available funding was **\$7.5 Million**
- Project to be completion by **March 31, 2020**
- Awardees and DEEP entered into project implementation plans with defined milestones and requirements
- Payment from Wilmington Trust occurs after project completion



Round 1 Projects

A wide array of new equipment was funded with the 10 projects selected:

- 12 electric transit buses
- 2 electric shuttle buses
- 16 new CNG refuse trucks
- 46 new diesel school buses
- 1 commercial ferry repower (6 new engines)
- 51 new commercial diesel trucks



Lifetime NOx Reduction: 151.4 tons



Connecticut Department of Energy and Environmental Protection

Round 1 Lessons Learned

- Smaller municipal projects (1-2 vehicles) not competitive with large private projects (15+ vehicles) due to scale and cost effectiveness
- Application form could have been clearer
- More information needed up-front to expedite processing
- Selection criteria should be better defined in program documents



VW Incentives Round 2



Connecticut Department of Energy and Environmental Protection

Round 2 Overview

- Funding of **\$7.5 Million** available for this round
- Application Period Opened: **August 1, 2019**
- Proposal Deadline: **September 16, 2019 @ 4:00 PM EST**
- Open to **government** and **non-government** entities
- Funding for ZEV Infrastructure Projects available at a later date
- Matching funds required for all projects
 - Match \$\$ can be from any source (except EPA DERA grants)
 - DEEP reserves the right to reduce match requirement to levels specified in App. D-2, for innovative/transformational proposals



Round 2 Overview, cont.

- This is a **reimbursement** program
- Projects initiated prior to filing an application are not eligible for funding
- Funding will be awarded through an open competitive and transparent process
- Awards announced in time to allow unsuccessful applicants the opportunity to apply for DERA funds
- Projects and final paperwork must be completed by **April 30, 2021**



Funding Allocation Goals

- DEEP will select projects to be funded based on the funding priorities outlined in the [State of Connecticut Mitigation Plan](#) in addition to a set of preferential criteria outlined in the application form and instructions.
- **NEW!** Government and non-government applications will be evaluated independently of each other
- Maintains flexibility for funding innovative/transformative projects



Program Focus

- Maximize NOx reduction
- Incentivize fleet transformation
- Prioritize emission reductions in Environmental Justice (EJ) communities



Evaluation Criteria

Connecticut Criteria:

- Annual NOx Reductions in tons
- Lifetime NOx Reduced in tons
- Lifetime Cost Effectiveness \$/ton NOx reduced
- EJ Community
- Potentially Transformative/Innovative
- **NEW:** GHG reductions
- Cost Share above required minimum
- Nonattainment, **NY/NJ/CT** (**Fairfield, Middlesex, New Haven Counties**)
- Anti-Idling Program



Proposal Ranking

- For reference purposes, the ranking methodology used for the first round of funding is available at www.ct.gov/deep/vw.
- Ranking methodology for this round of funding has not been finalized and may differ from Round 1.



Eligible Projects & Funding Amounts

Round 2



On-Road Heavy & Medium Duty Vehicles

Eligible Equipment

Class 4 - 8 Local
Freight Trucks



Port Drayage
Trucks



Class 4-8
School, Shuttle and
Transit Buses



Eligibility Criteria

Trucks: Engine Model Years between 1992– 2009

Buses: Engine Model Years 2009 and older



Connecticut Department of Energy and Environmental Protection

On Road Heavy & Medium Duty Vehicles

Government Projects (includes some privately owned school buses)

Up to...

65%

- Repower with a new diesel or alternate fueled engine
- Replace with a new diesel or alternate fueled vehicle
- Repower with a new all-electric engine (incl. infrastructure)
- Replace with a new all-electric vehicle (incl. infrastructure)

Non-Government Projects

Up to...

40%

- Repower with a new diesel or alternate fueled engine

25%

- Replace with a new diesel or alternate fueled vehicle
(Drayage – 50%)

60%

- Repower with a new all-electric engine (incl. infrastructure)

60%

- Replace with a new all-electric vehicle (incl. infrastructure)



Non-Road Equipment

Eligible Equipment

Airport Ground Support
Equipment (GSE)



Forklifts



Port Cargo Handling
Equipment



Eligibility Criteria

Tier 0 – 2; and uncertified, or 3 gr/bhp-hr or higher certified SI-engine
GSE:

Forklifts: reach stackers, side loaders, and top loaders with **8,000 lbs lift capacity or greater**

Port Equip: rubber-tired gantry cranes, straddle carriers, shuttle carriers, and terminal tractors, including yard hostlers and yard tractors that operate within ports



Connecticut Department of Energy and Environmental Protection

Non-Road Equipment

Government Projects

Up to...

65%

- Repower with a new **all-electric engine** (incl. infrastructure)
- Replace with a new **all-electric vehicle** (incl. infrastructure)

Non-Government Projects

Up to...

60%

- Repower with a new **all-electric engine** (incl. infrastructure)
- Replace with a new **all-electric vehicle** (incl. infrastructure)



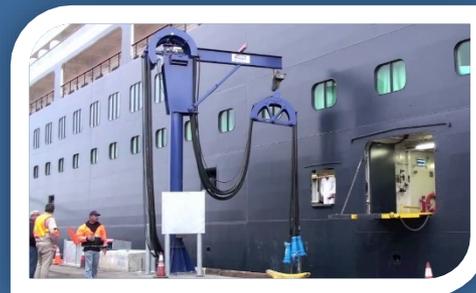
Commercial Marine Vessels

Eligible Equipment

Ferries and Tugs



Shorepower for
ocean-going vessels



Eligibility Criteria

Ferries and Tugs: Unregulated, Tier 1 or Tier 2 marine engines operating **1,000 or more hours per year**.

Shorepower: components of a shore-side system that allows a compatible vessel's main and auxiliary engines to remain off while the vessel is at berth



Commercial Marine Vessels

Government Projects

Up to...

65%

- Repower with a new diesel or alternate fueled engine
- Repower with a new all-electric engine (incl. infrastructure)
- Cover costs associated with a shore-side system

Non-Government Projects

Up to...

40%

60%

25%

- Repower with a new diesel or alternate fueled engine
- Repower with a new all-electric engine (incl. infrastructure)
- Cover costs associated with a shore-side system



Locomotives

Eligible Equipment

Freight Switchers



Eligibility Criteria

Pre-Tier 4 switcher locomotives that operate
1,000 or more hours per year



Connecticut Department of Energy and Environmental Protection

Locomotives

Government Projects

Up to...

65%

- Repower with a new diesel or alternate fueled engine
- Replace with a new diesel or alternate fueled switcher
- Repower with a new all-electric engine (incl. infrastructure)
- Replace with a new all-electric switcher (incl. infrastructure)

Non-Government Projects

Up to...

40%

25%

60%

60%

- Repower with a new diesel or alternate fueled engine
- Replace with a new diesel or alternate fueled switcher
- Repower with a new all-electric engine (incl. infrastructure)
- Replace with a new all-electric switcher (incl. infrastructure)

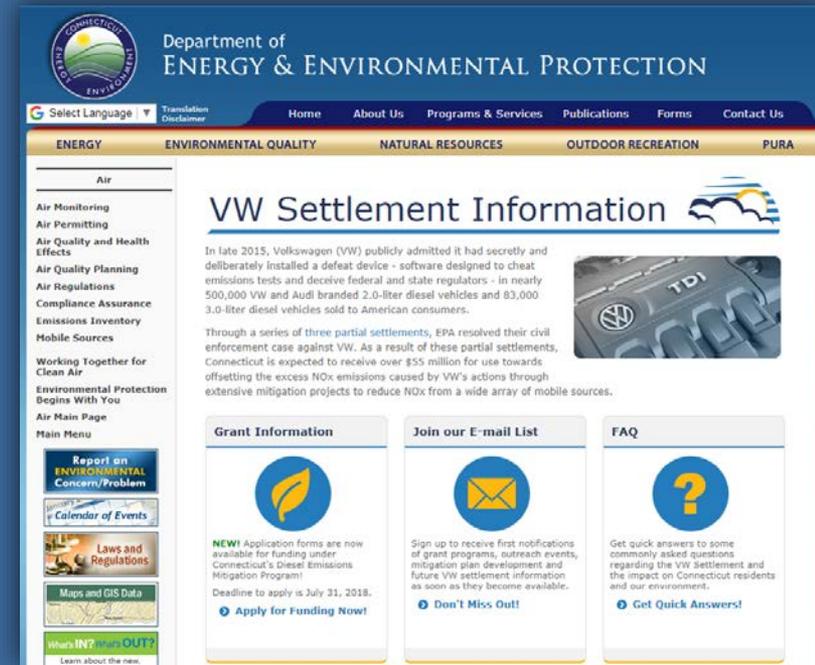


Application Form

- Application form and instructions are available at

www.ct.gov/deep/vw

- If applying for funds for more than one source category (i.e. on-road vehicles and non-road equipment), a separate application should be used for each eligible source category project



The screenshot shows the DEEP website with the following content:

- Header:** Connecticut Department of ENERGY & ENVIRONMENTAL PROTECTION. Navigation links: Home, About Us, Programs & Services, Publications, Forms, Contact Us.
- Menu:** ENERGY, ENVIRONMENTAL QUALITY, NATURAL RESOURCES, OUTDOOR RECREATION, PURA.
- Left Sidebar:** Air, Air Monitoring, Air Permitting, Air Quality and Health Effects, Air Quality Planning, Air Regulations, Compliance Assurance, Emissions Inventory, Mobile Sources, Working Together for Clean Air, Environmental Protection Begins With You, Air Main Page, Main Menu.
- Main Content:**
 - VW Settlement Information:** In late 2015, Volkswagen (VW) publicly admitted it had secretly and deliberately installed a defeat device - software designed to cheat emissions tests and deceive federal and state regulators - in nearly 500,000 VW and Audi branded 2.0-liter diesel vehicles and 83,000 3.0-liter diesel vehicles sold to American consumers. Through a series of three partial settlements, EPA resolved their civil enforcement case against VW. As a result of these partial settlements, Connecticut is expected to receive over \$55 million for use towards offsetting the excess NOx emissions caused by VW's actions through extensive mitigation projects to reduce NOx from a wide array of mobile sources.
 - Grant Information:** NEW! Application forms are now available for funding under Connecticut's Diesel Emissions Mitigation Program! Deadline to apply is July 31, 2018. [Apply for Funding Now!](#)
 - Join our E-mail List:** Sign up to receive first notifications of grant programs, outreach events, mitigation plan development and future VW settlement information as soon as they become available. [Don't Miss Out!](#)
 - FAQ:** Get quick answers to some commonly asked questions regarding the VW Settlement and the impact on Connecticut residents and our environment. [Get Quick Answers!](#)
- Bottom Sidebar:** Report on ENVIRONMENTAL Concern/Problem, Calendar of Events, Laws and Regulations, Maps and GIS Data, What's IN? What's OUT? Learn about the new...

- Improvements were made to the application forms based on feedback from Round 1 applicants and DEEP staff
- .zip file contains entire application package



Connecticut Department of Energy and Environmental Protection

New Form Features

- Clarifies information required for submissions for each type of eligible project
- More information is required to expedite processing
- Explanations are requested for any evaluation criteria checked
- Fleet Sheet is now an interactive spreadsheet
- **Use the New Form**
 - Reprinted Round 1 forms for unfunded projects will not be evaluated for Round 2



Process

- Proposals due September 16, 2019
- Internal review/management review: 30-60 days
- Award Letters to be issued in November
- Project Completion by April 30, 2021
- Payment directly from Wilmington Trust upon completion



Diesel Emissions Reduction Act (DERA)

- Timing of Round 2 allows for participation in 2019 CT State DERA Program
- Solicitation opens **October 1, 2019**
 - Funding: You may apply for both VW & DERA but can only be funded under one
 - No penalty for proposal withdrawal if selected for VW
- Available: at least **\$670,800**
- Application Deadline: **November 18, 2019**
- Project completion by: **August 31, 2020**



Diesel Emission Reduction Act (DERA)

- Similar reimbursement levels for non-government projects
- Allows for a wider range of eligible projects
 - Comparison chart detailing differences between Options 1-9 and DERA Option available at www.ct.gov/deep/vw
- VW Trust funds can potentially allow CT to qualify for additional state DERA funds
- Trust Funds can not be used for mandatory match for DERA-funded projects

Eligibility Criteria

Proposed projects must meet the requirements of the state DERA program



Contact Information



Connecticut Department of Energy and Environmental Protection

VW Round 2 Program Information

- Informational Webinar August 7, 2019
Slides available at www.ct.gov/deep/vw
- Forms and information available at www.ct.gov/deep/vw



Contact Us

- General questions about grant programs, Connecticut's mitigation plan, or the VW trust settlement can be submitted through the Contact Us link on the website or sent directly to email below.

Website: www.ct.gov/deep/vw

E-Mail: deep.mobilesources@ct.gov



Follow Us

- Visit www.ct.gov/deep/vw
- Sign up for our VW Email Distribution List (online form)
- Notification of new VW grant programs, including ZEV Supply Infrastructure programs, will be sent to all those on the VW distribution list
- VW Website will be updated when future grant opportunities become available



Follow Drive Clean CT on
FACEBOOK



Questions?



Connecticut Department of Energy and Environmental Protection