



# Volkswagen (VW) Settlement

## Advisory Committee Meeting

Dec. 7, 2017  
Jefferson City, MO



# Presentation Overview

- Role of the Missouri VW Advisory Committee
- Summary of first four VW meetings
- VW Advisory Committee surveys
- Beneficiary mitigation plan elements
- DERA option



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# Role of the Missouri VW Advisory Committee

# Committee Members Expected to:

- Respond to technical surveys regarding Missouri's beneficiary mitigation plan
- Review summaries of comments and provide input to department
- Participate in meetings
  - Give presentations on topics of interest
  - Participate in discussions

# Committee members expected to:

- Review early draft of plan to provide input prior to the opening period for public comment
- Review comments received on proposed plan and provide input prior to finalizing plan

Join the Mo. VW Advisory Committee:

[dnr.mo.gov/env/apcp/vw/vw-committee.htm](http://dnr.mo.gov/env/apcp/vw/vw-committee.htm)

# VW Public Meetings Summary

- Summary of comments
- Questions and answers
- For meeting dates, attendance records, presentation, videos and Q&A sessions, go to:

[dnr.mo.gov/env/apcp/vw/vw-meetings](http://dnr.mo.gov/env/apcp/vw/vw-meetings)

# VW Meetings - Comments

## Topics included:

- Types of projects
- Cost-share requirements
- Attributes of diesel, electricity, natural gas and alternative fuels
- Process for accepting applications and selecting projects

# VW Meetings – Q&A

- Department plans to post a Q&A for all questions received:

[dnr.mo.gov/env/apcp/vw/vw-meetings](http://dnr.mo.gov/env/apcp/vw/vw-meetings)



# Common Question #1

**Q:** Will joining the Missouri VW Advisory Committee create a conflict of interest that would prevent me from applying for funds?

**A:** No. The committee is open to the public. Committee members will help develop the overall plan, not select individual projects to fund. Membership will not present a conflict of interest.

# Common Question #2

**Q:** Is my organization's fleet considered government owned?

**A:** Yes, if your organization meets the definition of government in Appendix D-2 of the consent decree -

*“Government”: a State or local government agency (including a school district, municipality, city, county, special district, transit district, joint powers authority, or port authority, owning fleets purchased with government funds)...*

If unclear, the department is answering these questions case by case

# Common Question #3

**Q:** Can funding go toward projects not listed in Appendix D-2 if they benefit air quality?

**A:** No, any project that receives funding through the VW Environmental Mitigation Trust must fall under one of the ten categories listed in Appendix D-2 of the consent decree. No state has the option to change this.

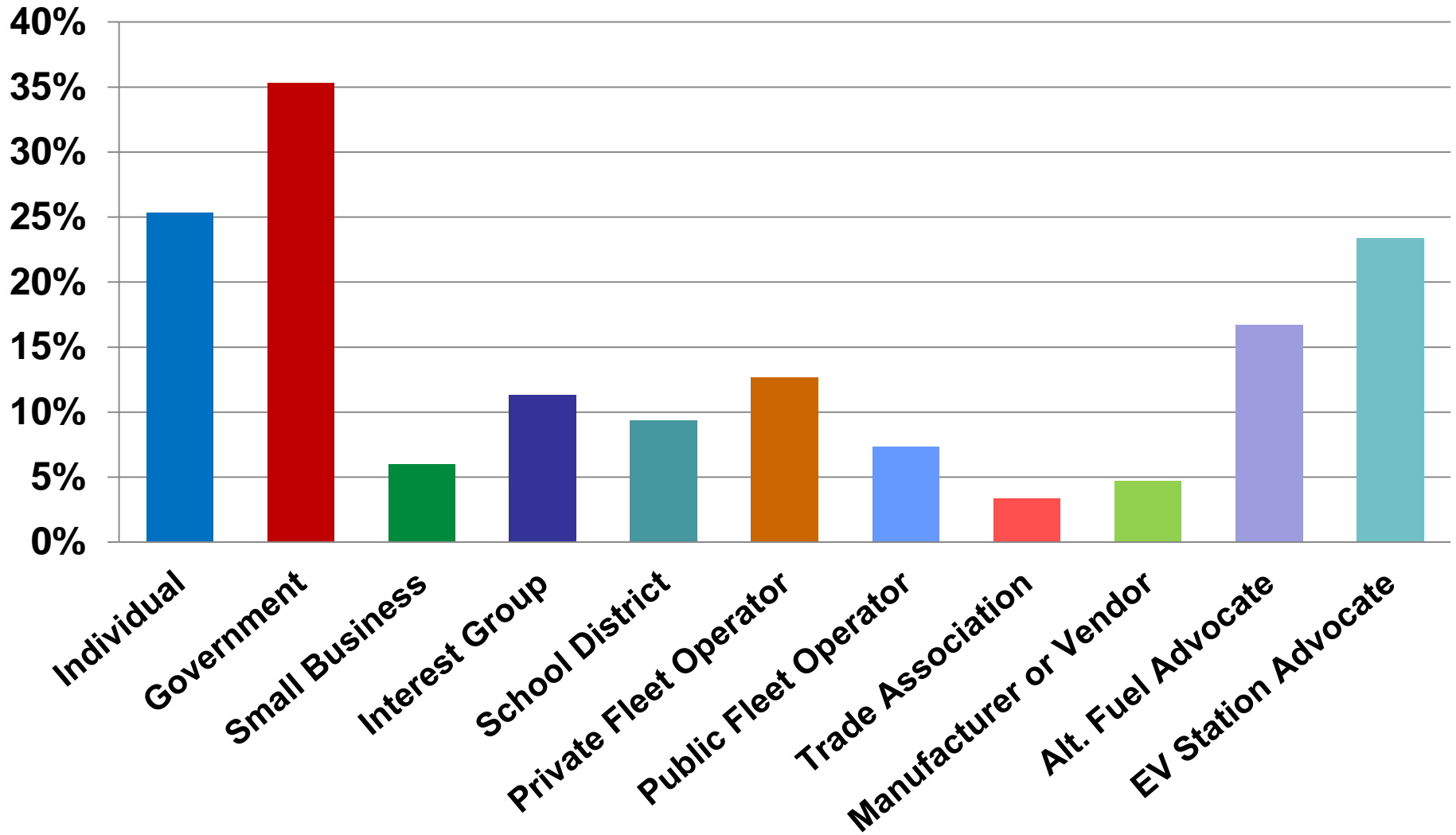
# VW Advisory Committee Surveys

- VW Survey #1
- VW Survey #2

# VW Survey #1

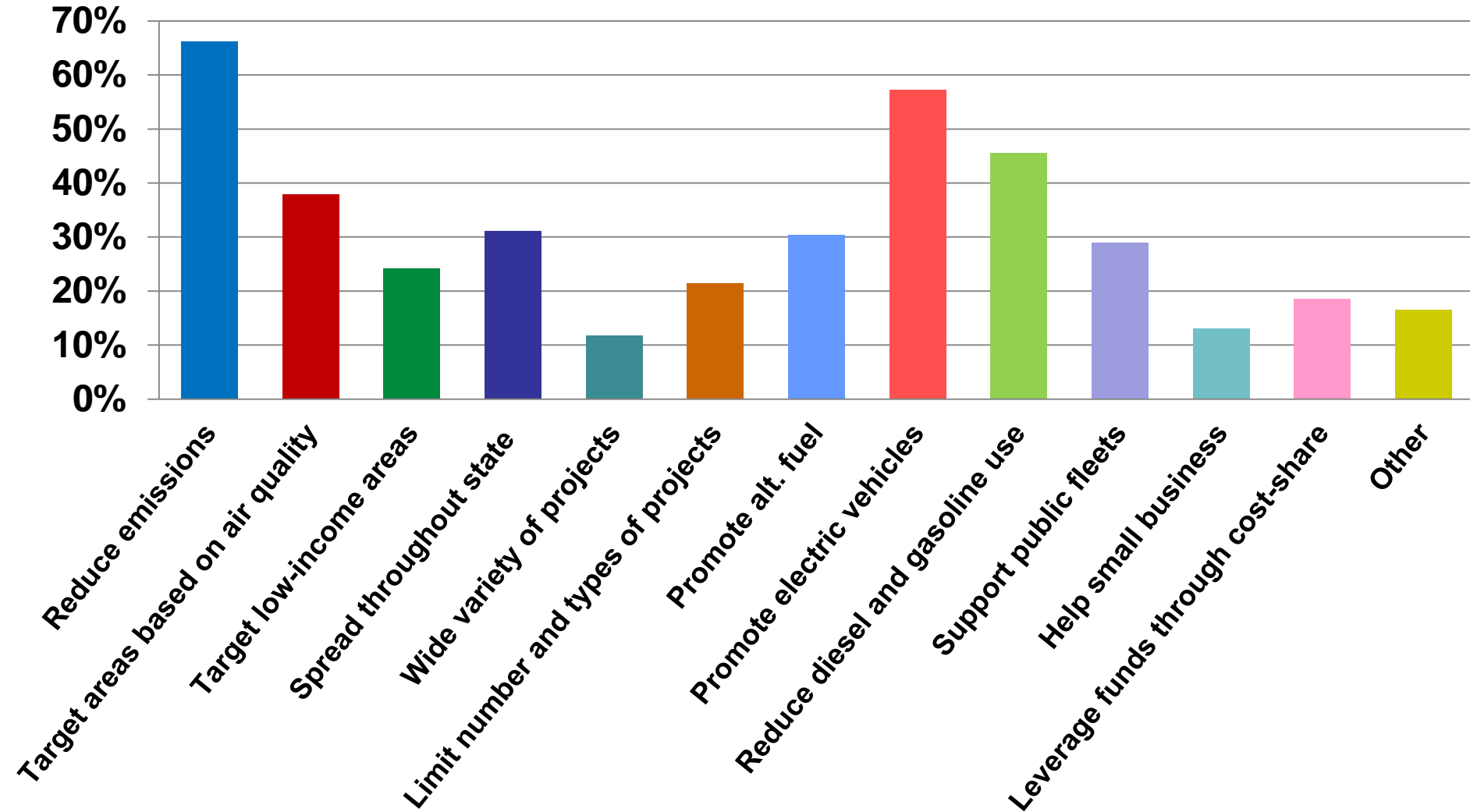
- Distribution: Full VW email list
- When: Late November 2017
- Deadline: Dec. 1, 2017
- Participation: 151 responses received
- Questions covered high-level decision items

# Survey Respondents by Affiliation



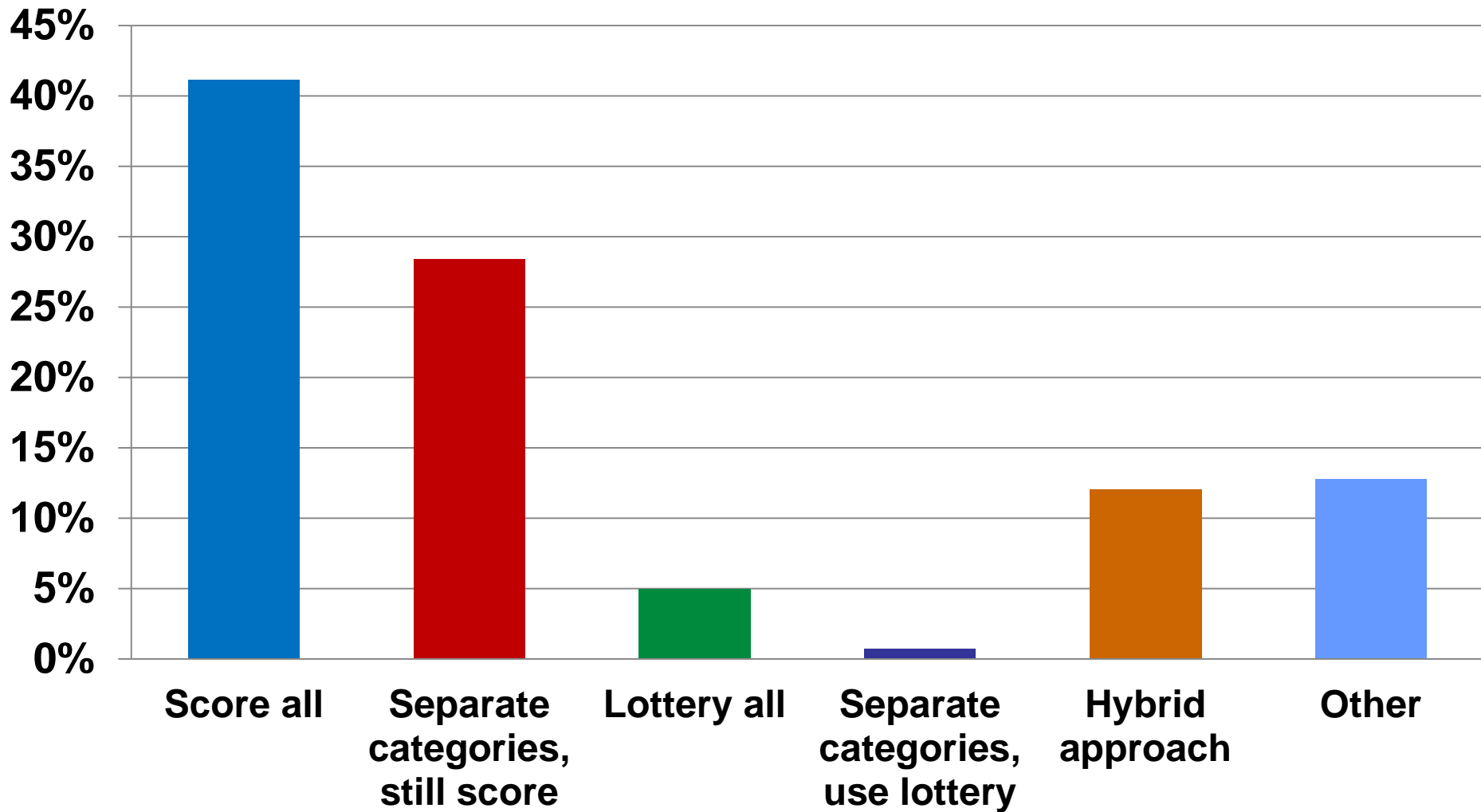
Total is more than 100% because respondents could select multiple answers

# High-Level Goals?



Total is more than 100% because respondents could select multiple answers

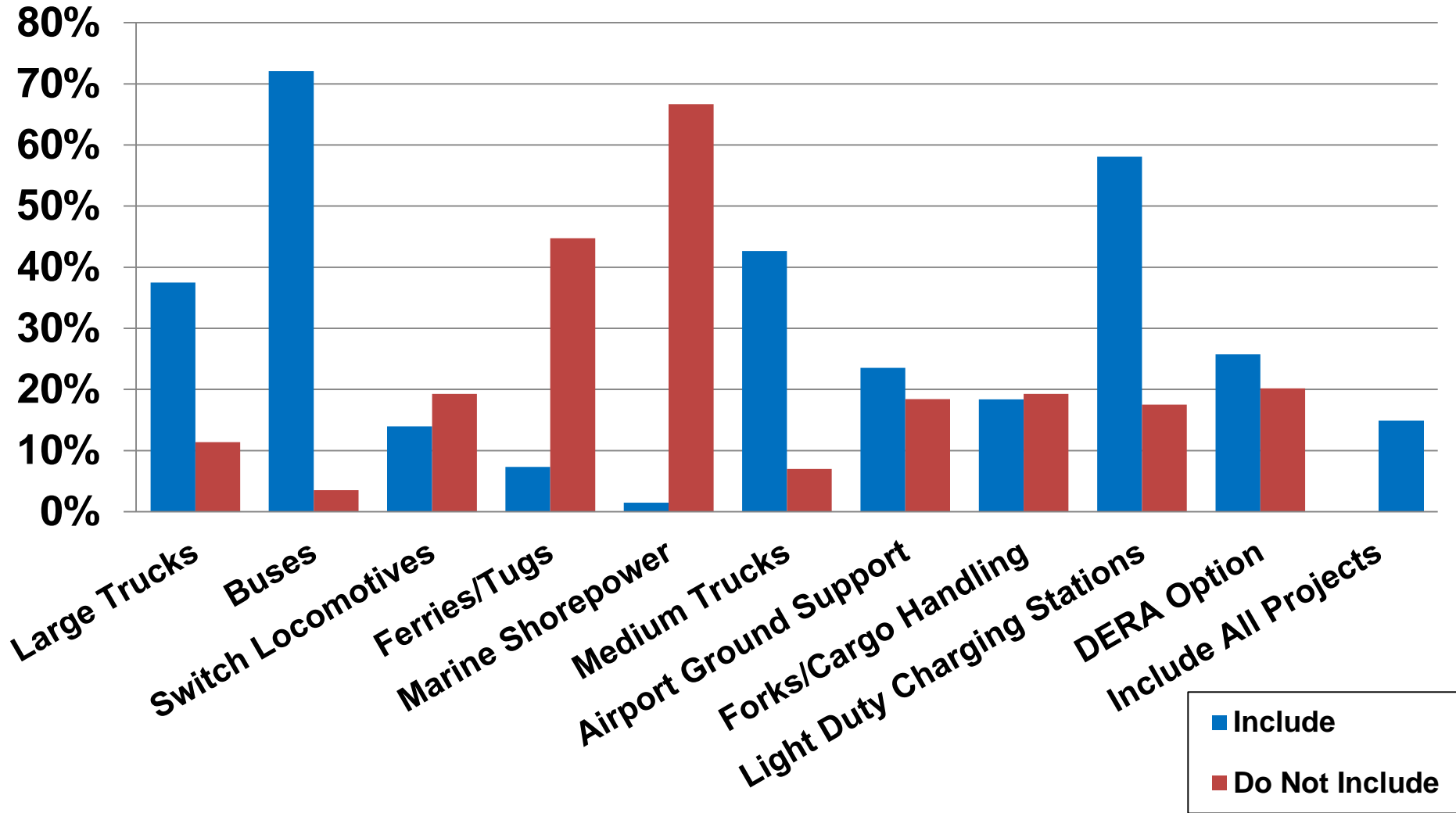
# How to Select Individual Projects?



Total may not equal 100%; some people skipped question

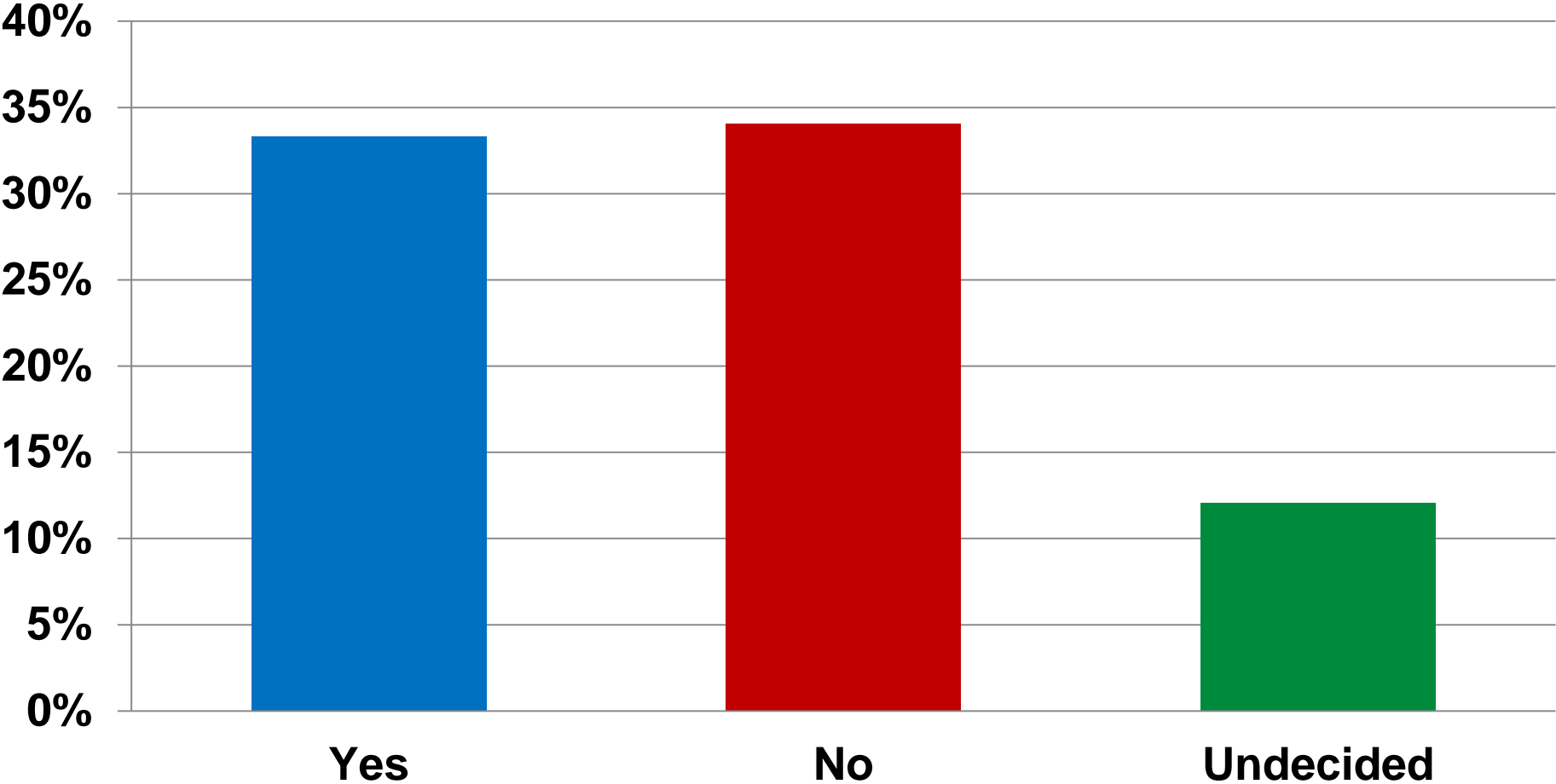


# Which Project Categories Should be in the Plan?



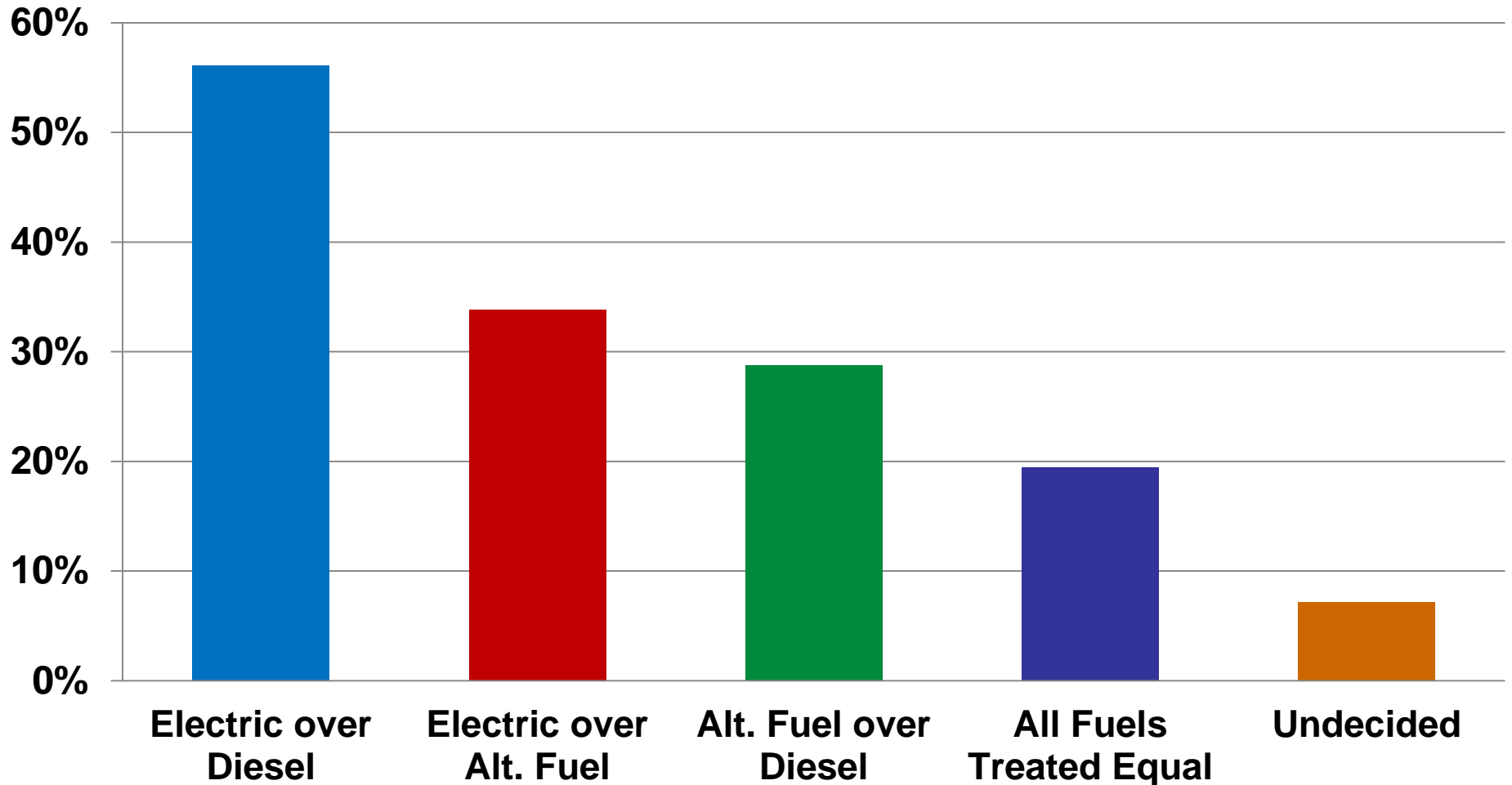
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# Should We Reserve a Portion Just for Public Fleets?



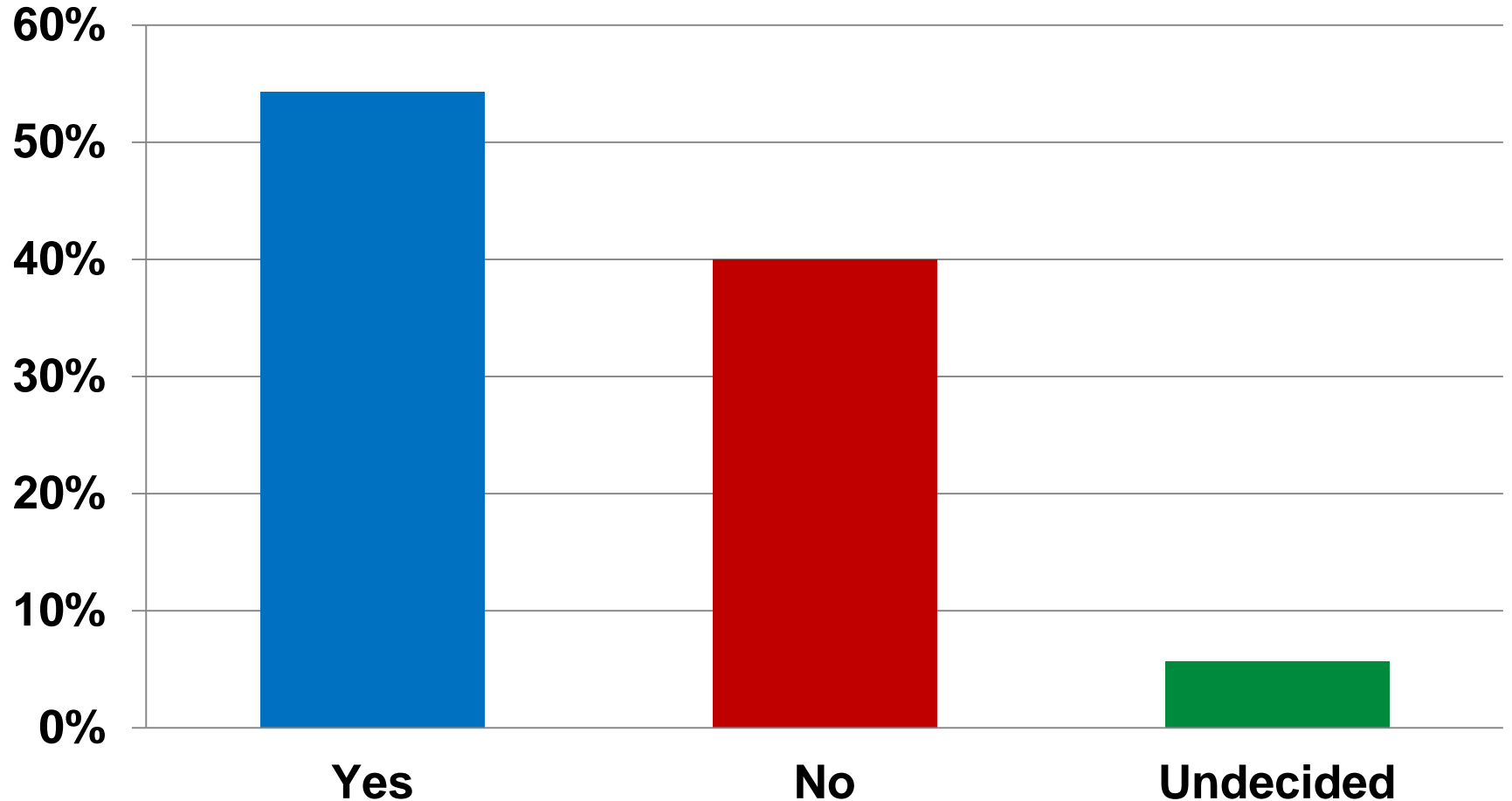
Total may not equal 100%; some people skipped question

# Should We Give Preference to Certain Fuels?



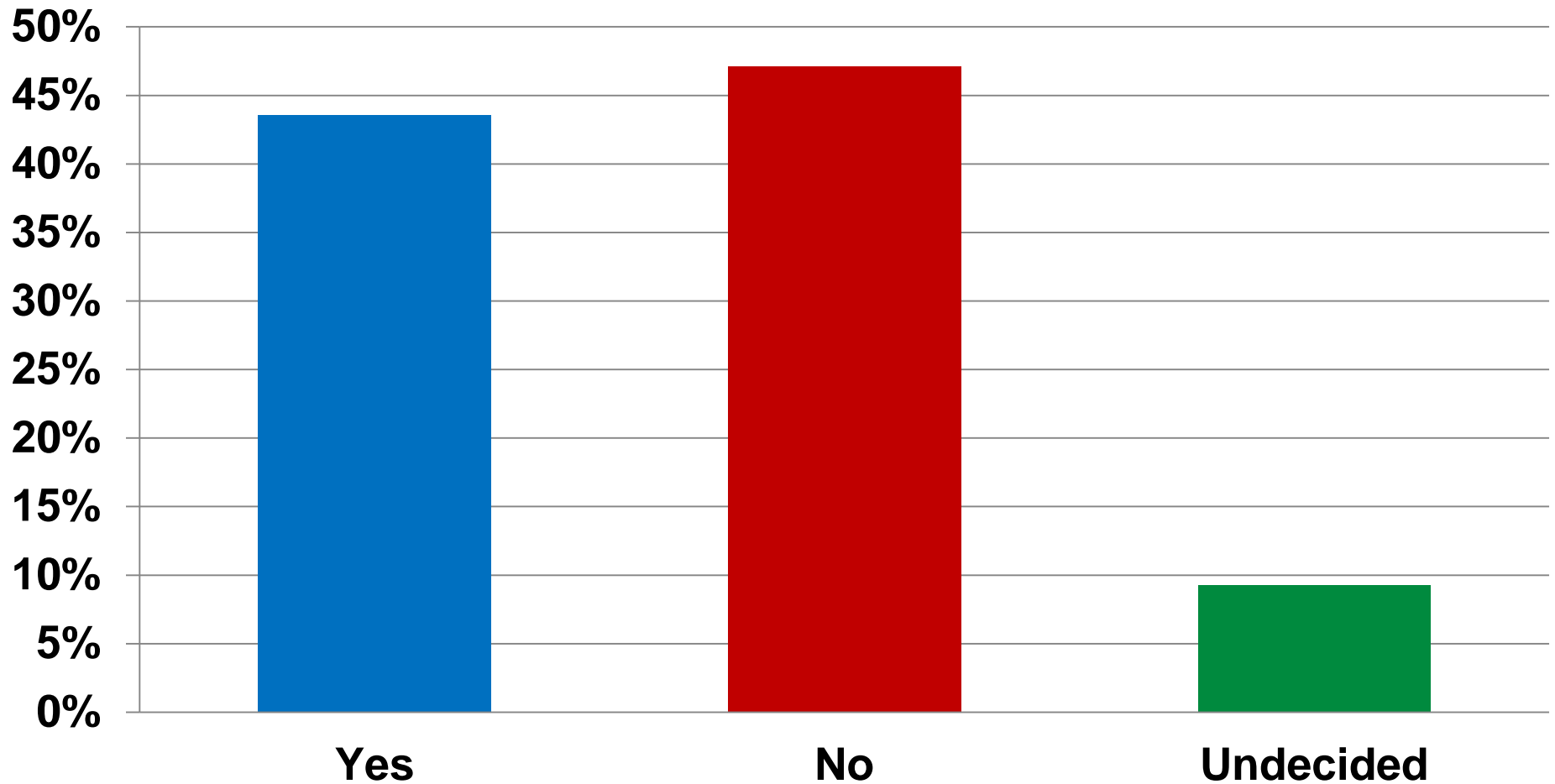
Total is more than 100% because respondents could select multiple answers

# Should We Set Target Areas and Give Preference to Them?



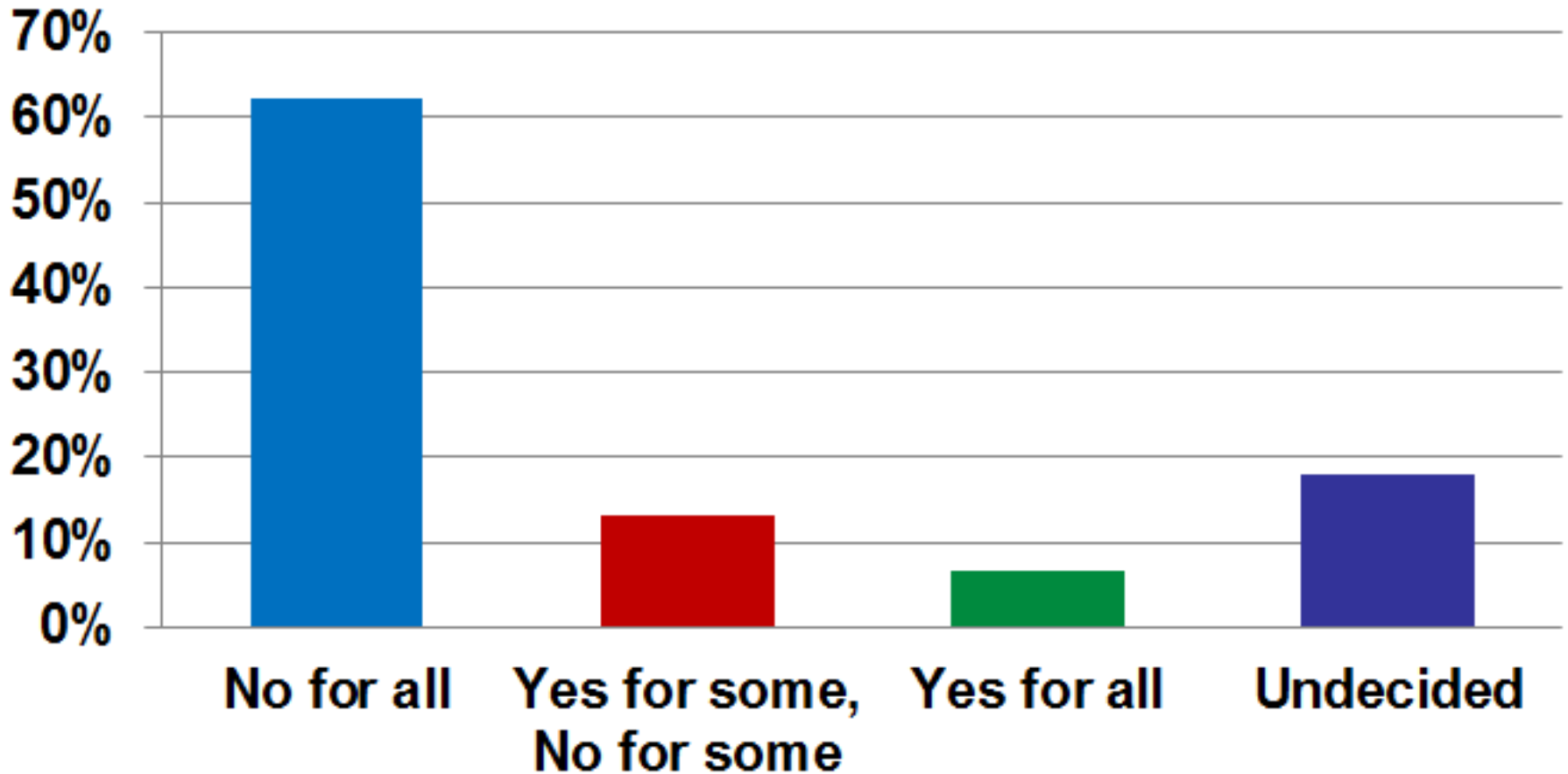
Total may not equal 100%; some people skipped question

# Should We Give Preference to Projects That Provide Higher Matching Funds?



Total may not equal 100%; some people skipped question

# Should We Require Higher Matching Percentages Than the Consent Decree?



Total may not equal 100%; some people skipped question

# Categories: Max Funding

<b>Project type</b>	<b>Gov't-owned</b>	<b>Privately-owned</b>
<b>Repower: Diesel/alt. fuel (new engine)</b>	<b>100%</b>	<b>40%</b>
<b>Repower: All-electric (new engine)</b>	<b>100%</b>	<b>75%</b>
<b>Diesel/alt. fuel replacement (new vehicle/equipment)</b>	<b>100%</b>	<b>25%</b>
<b>All-electric replacement (new vehicle/equipment)</b>	<b>100%</b>	<b>75%</b>

\* Max funding levels for project categories 1-8 in Appendix D-2

\* Not all project categories allow for all four project types

# Categories: Max Funding

<b>Owner/Location</b>		<b>Electric vehicle charging stations</b>
<b>Government-owned and open to public</b>		<b>100%</b>
<b>Privately-owned</b>	<b>Open to public</b>	<b>80%</b>
	<b>Open to a work place but not the public</b>	<b>60%</b>
	<b>Open to a multi-unit dwelling but not the public</b>	<b>60%</b>

<b>Dispensing Capacity</b>	<b>Hydrogen fuel cell station</b>
<b>100 kg/day – 250 kg/day</b>	<b>25%</b>
<b>At least 250 kg/day</b>	<b>33%</b>

\* Max funding levels for project category 9 in Appendix D-2



# VW Survey #2

VW Survey #2 will only be sent to VW Advisory Committee members

- Survey will be sent out mid-December
- Members will have 1-2 weeks to complete
- Results for Survey #2 will be released in January

# VW Survey #2, cont.

Questions will focus on the following:

- Funding percentages for project categories
- Target areas?
  - If so, how should plan treat them?
- Preference to electric and alt. fuel projects?
  - If so, how should plan do this?
- Application process; selection; scheduling of projects



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# Beneficiary Mitigation Plan Elements

# Mitigation Plan Must Include:

- Overall goal for the use of funds
- Project categories to receive funds and percentage of funds for each category
- Consideration of air quality benefits in areas with disproportionate air pollution burdens
- Estimation of emission benefits to be realized by the project categories included in the plan

# Examples of Overall Goals:

- Reduce emissions of NO<sub>x</sub> and other air pollutants
- Focus on areas struggling to meet air quality standards
- Spread funds throughout state
- Promote new or alternative fuels and technology

# Examples of Overall Goals:

- Reduce diesel and gasoline consumption
- Support small businesses
- Leverage funding through cost share
- Others

# Project Categories and Percentages

Our plan should answer two questions –

1. Which of the ten eligible mitigation actions will be allowed to apply for funding?  
(Appropriate to achieve the overall goals)
2. How much funding expected go toward each project category?

# Benefits for Areas with Disproportionate Air Pollution Burdens

Considerations may include:

- Nonattainment and maintenance areas
- Location of affected VW vehicles
- Local “hot spot” areas, such as:
  - Ports, industry parks, bus depots, rail yards, construction sites
- Sensitive populations
- Others



# Benefits for Areas with Disproportionate Air Pollution Burdens

Examples include:

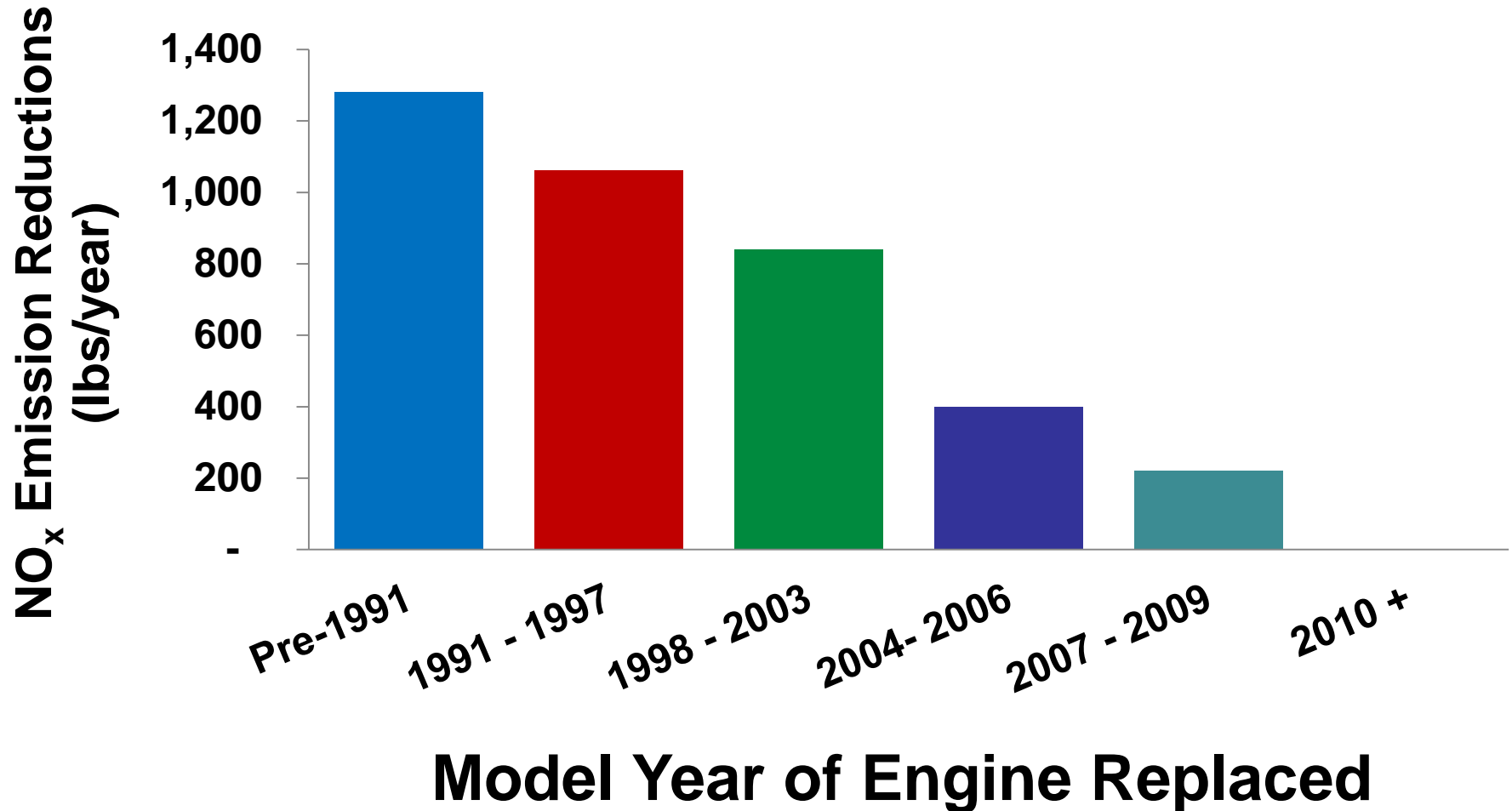
- Reserving a portion of funding for such areas
- Requiring lower cost-share amounts for projects in such areas
- Giving bonus points to applications for projects in such areas
- Other options

# Estimating Emission Benefits

- The department has several tools and experienced staff to address this requirement
- Emission reduction estimates for various example projects are displayed on the following slides

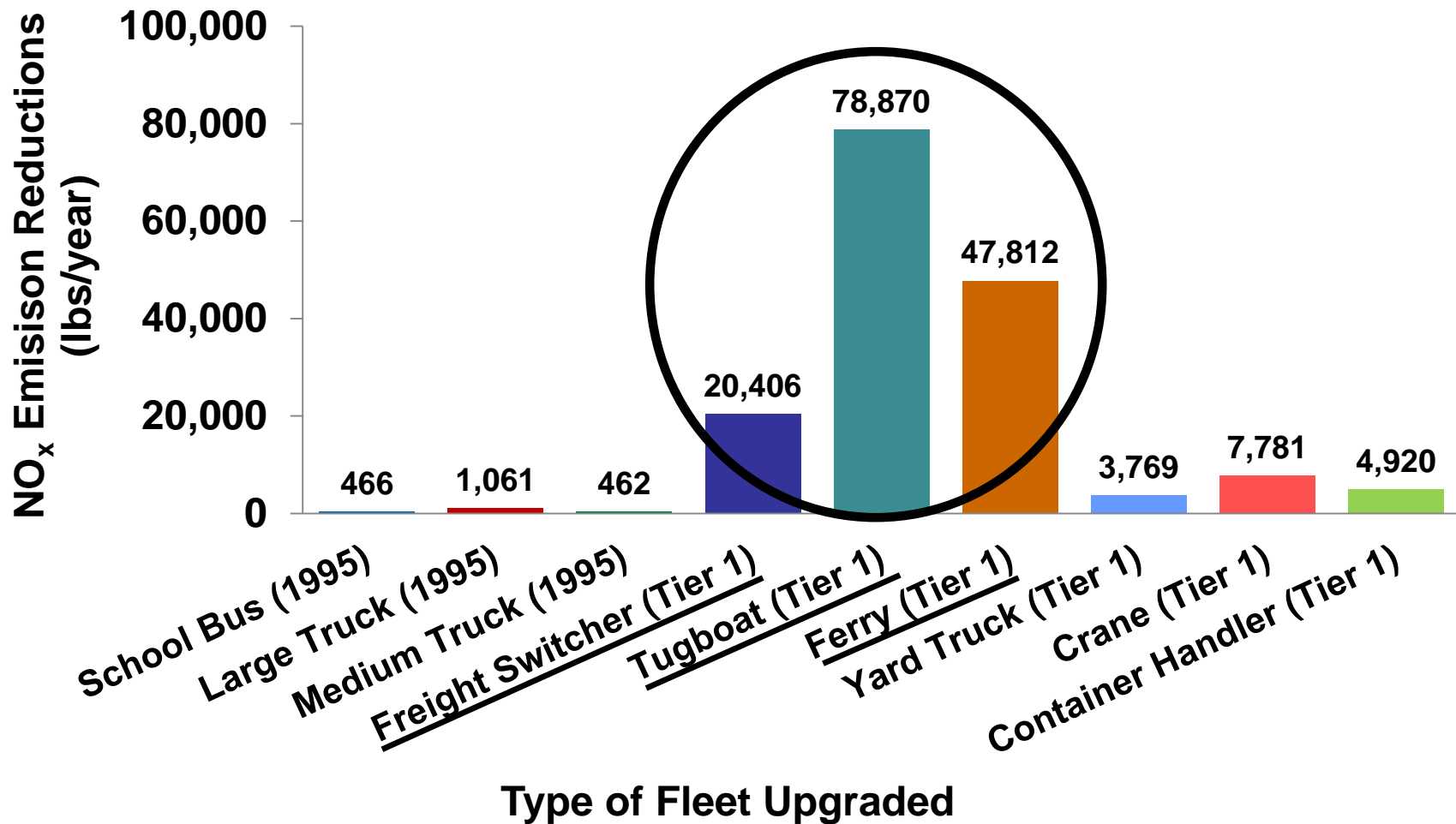
# Emission Reductions – Age of Fleet

Replace Large Diesel Truck with New Diesel Truck



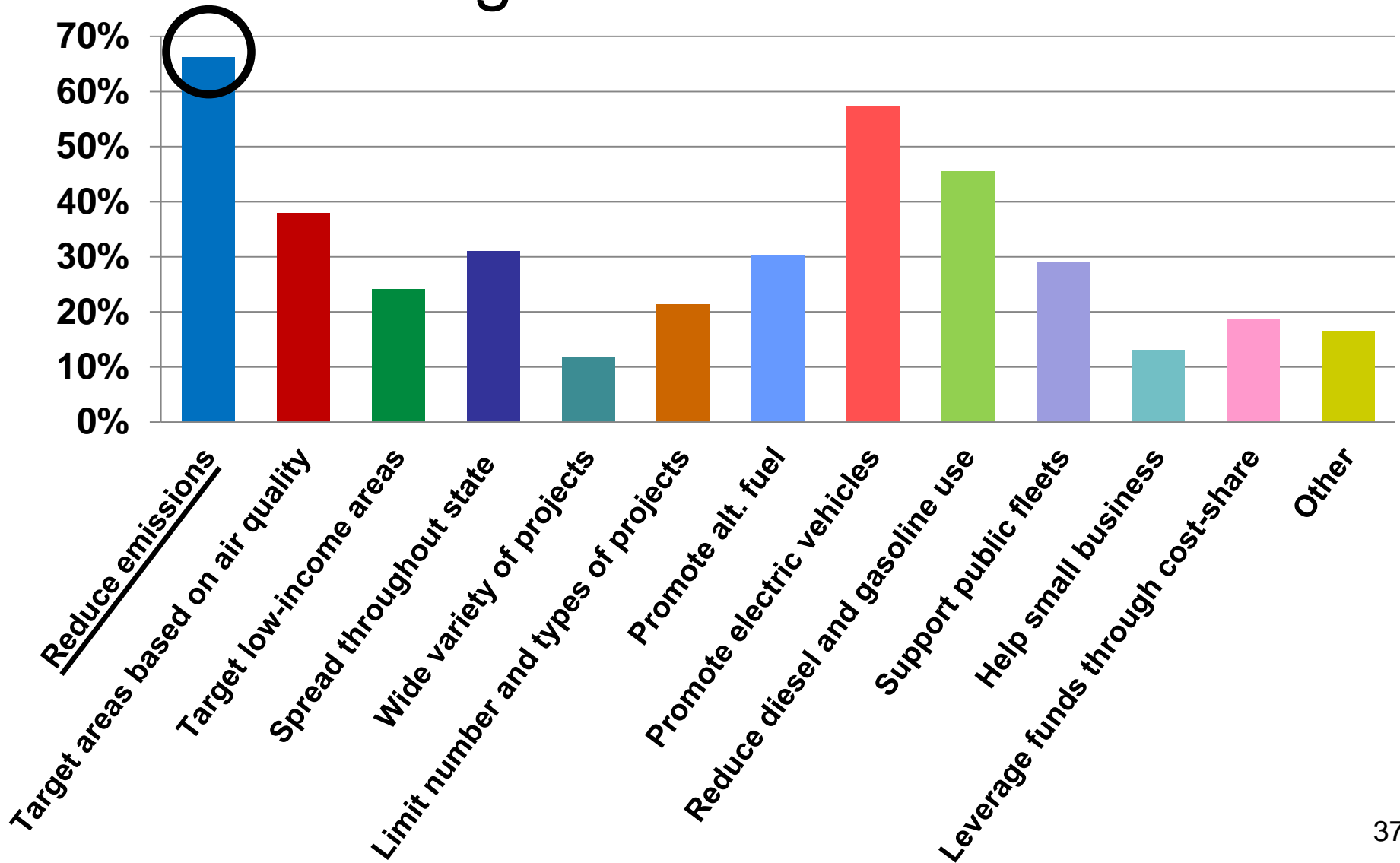
# Emission Reductions –Type of Fleet

Replace Older Diesel Engines with New Diesel Engines



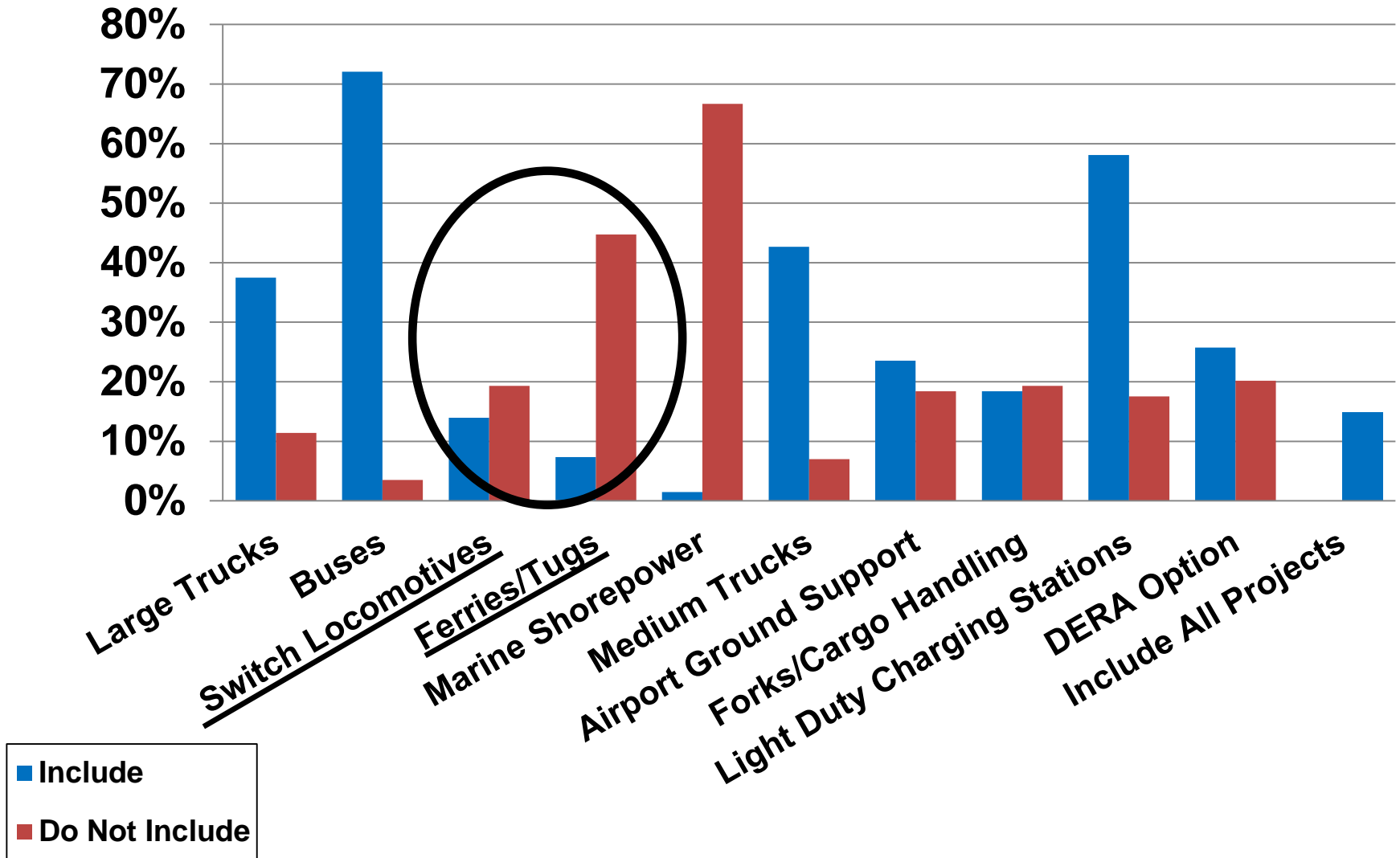
# VW Survey #1 Results

## High Level Goals?



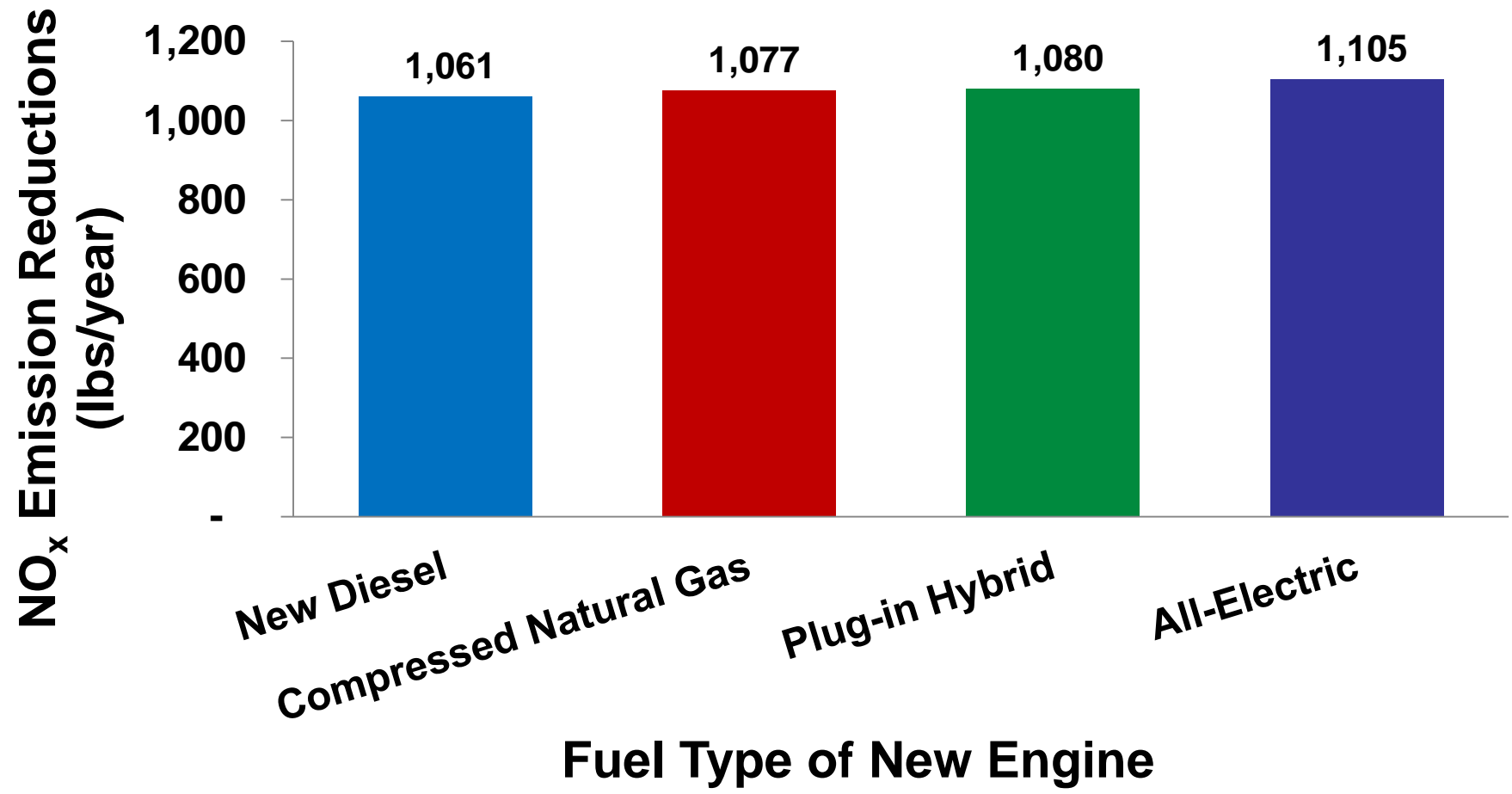
# VW Survey #1 Results

## Which Project Categories Should be in the Plan?



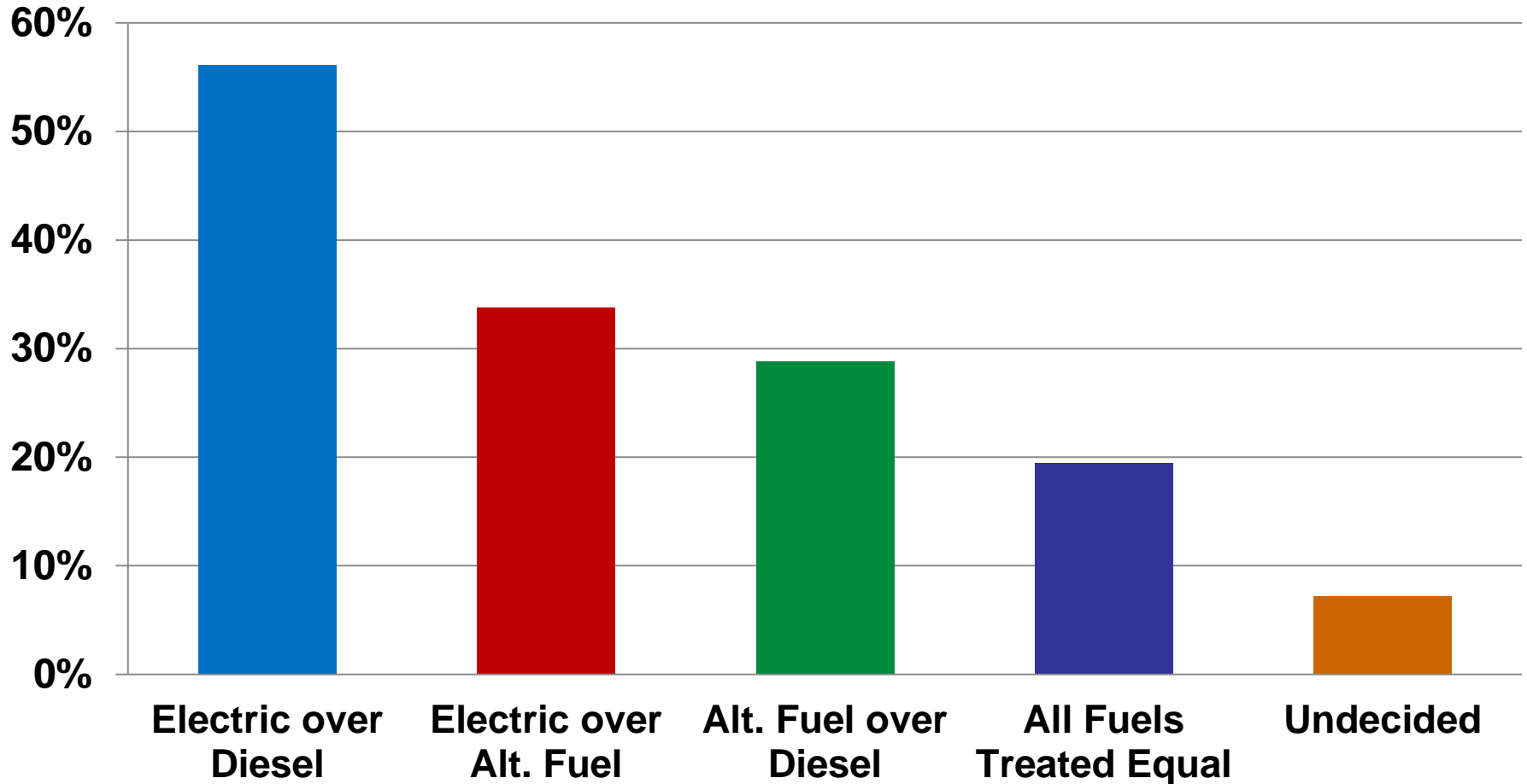
# Emission Reductions - New Fuel Type

Replace 1995 Large Truck with Engines Using New Fuels



# VW Survey #1 Results

## Should We Give Preference to Certain Fuels?





# Other Plan Considerations

Not required by consent decree, but may also be considerations:

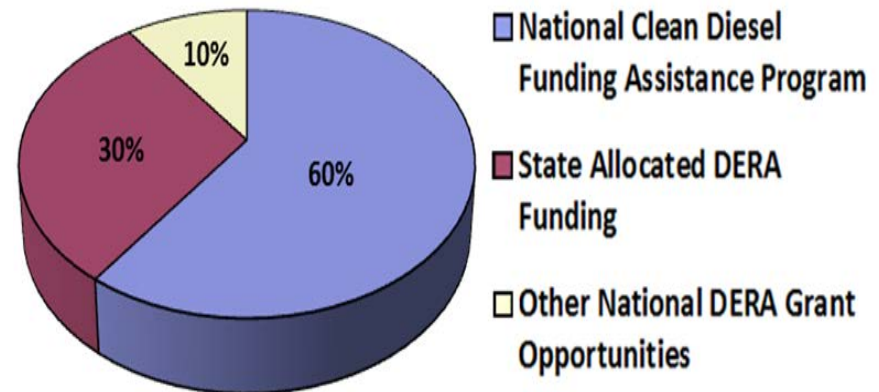
- Process and timing for selecting projects
- Preferred fuel types for new vehicles/engines

# DERA Option

- DERA Overview
- Matching Bonus
- Example
- Additional project options
- Potential drawbacks

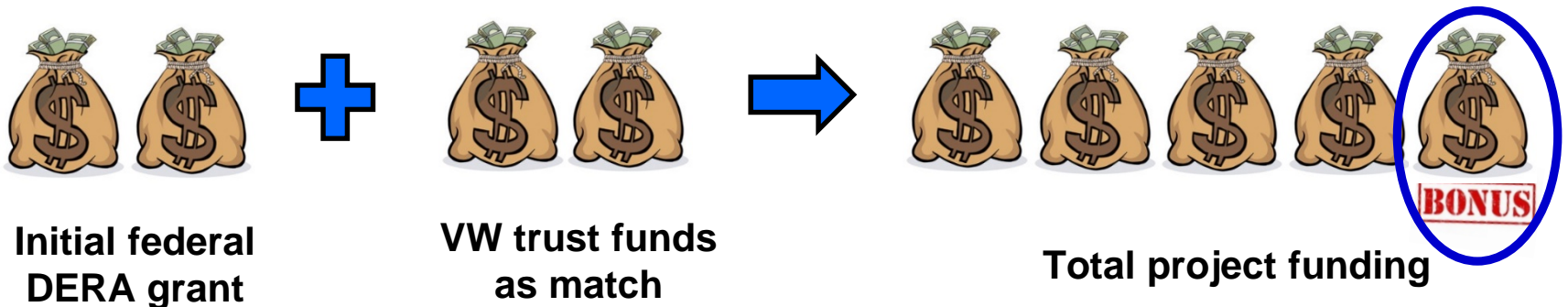
# Diesel Emissions Reduction Act

- A federal program to upgrade and replace older diesel engines (medium to heavy duty)
- Projects similar to those in the VW consent decree
- New funding and programs developed each year (subject to appropriations)
- Three funding pools exist
- Missouri has implemented DERA since 2008



# DERA Matching Bonus

- State may use VW funds as a voluntary match to qualify for bonus federal DERA funding
  - States that provide voluntary match equal to the initial federal grant receive bonus federal dollars – an extra 50 percent



# DERA Option: Bonus Example

State gives \$25,000/bus for four bus replacements  
Total DERA grant: \$100,000



State gives \$25,000/bus for four replacements with VW  
Total VW Funds Used: \$100,000



State gives \$25,000 per bus for two extra bus replacements with  
**BONUS** DERA funding



**BONUS** DERA funding: \$50,000

# DERA - Additional Project Options \*

Vehicle Type	Project Type
Long-haul locomotives	Replace, retrofit, repower or upgrade engine; install equipment to reduce idling
Agriculture, construction, energy and mining equipment	Replace, repower or upgrade engine
Commercial marine – other than ferries and tugboats (riverboats, cruise liners, fishing boats)	Repower or upgrade engine
Onroad medium- to heavy-duty trucks	Retrofits, fuel conversions; install equipment to reduce idling
Transport refrigeration units	Replace or repower engine

\* This is not an exhaustive list

# DERA - Potential Drawbacks

- Different cost-share requirements  
(no 100% funding for government-owned fleets)
- Requirements change from year to year
- Federal grant terms and conditions
- Timing requirements (one-year programs)
- Others

# Anticipated Timeline

<b>Timing</b>	<b>Milestone</b>
Oct. 2, 2017	Trust effective date (TED)
November 2017	Missouri filed its certification with the court and trustee
November 2017 - February 2018	Department holds outreach and advisory committee meetings to discuss Volkswagen settlement and solicit input
January 2018	Trustee approves certification forms for beneficiaries
March 2018	Missouri releases proposed plan for using settlement funds; public may comment on plan
May 2018	Missouri submits final plan to trustee
Summer 2018	Missouri begins accepting applications and implementing projects



# Questions?

Missouri Department of Natural Resources  
Air Pollution Control Program  
Volkswagen Team  
Phone: 573-751-4817

[dnr.mo.gov/env/apcp/vw](http://dnr.mo.gov/env/apcp/vw)