



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

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# Overview

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- u Volkswagen (VW) Settlement Funding for Tribes
- u EPA's Clean Diesel Tribal Program Diesel Emission Reduction Act (DERA) Funding
- u Q&A

# VW Partial Settlement

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- u 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
- u 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<sub>x</sub> emissions from the affected vehicles

# Appendix D- Mitigation Trust Fund

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- u Volkswagen will fund a \$2.7 billion mitigation trust fund to fully mitigate the total, lifetime excess NO<sub>x</sub> emissions from the 2.0 liter vehicles
- u U.S. states and federally recognized tribes can become beneficiaries

# Who's Eligible?

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- u Tribal agency or intertribal consortium with jurisdiction over transportation or air quality
  - u Federally recognized Indian tribal government and Alaskan Native Villages
  - u 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

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- u \$55 million throughout the U.S. for tribes
- u Reduce diesel NO<sub>x</sub> emissions from medium- and heavy-duty engines or vehicles:
  - ž School and shuttle buses; delivery & trash trucks; agriculture; construction equipment; boats/marine engines; diesel generators
- u Scrap old engine or vehicle and replace with:
  - ž Exhaust control (filters); cleaner diesel engine; alternative fuels (natural gas); zero-emission (battery-electric, fuel cell)

# Eligible Mitigation Options

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



## Eligible Mitigation Options #1-9:

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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:

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

<b>VW EMAs 1-9</b> Eligible Activities and Mitigation Trust Funding Limits	<b>VW EMA 10 (DERA Option)</b> Eligible Activities and DERA Funding Limits*
<p> <b>Class 4-7 Local Freight Truck</b>  <b>Class 8 Local Freight Trucks</b>  <b>Class 8 Port Drayage Trucks</b> </p> <p> Engine Model Year 1992-2009  Engine Replacement: 40-75% non-gov, 100% gov  Vehicle Replacement: 25-75% non-gov, 100% gov </p> <p> Engine Model Year 2010-2012 only where State regulations already require upgrades to 1992-2009 engine model year trucks  Engine Replacement: 40-75% non-gov, 100% gov  Vehicle Replacement: 25-75% non-gov, 100% gov </p>	<p> <b>Class 5-8 All Diesel Highway Vehicles</b> </p> <p> Engine Model Year 2006 and older  Engine Replacement: 75%  Vehicle Replacement: 50%  Retrofits +/- Aero, LRR Tires: 100%  Idle Reduction: 40%  Clean Alternative Fuel Conversion: 50% </p> <p> Engine Model Year 2007-2009  Engine Replacement (All-electric): 75%  Vehicle Replacement (All-electric): 60%  Retrofits +/- Aero, LRR Tires: 100%  Idle Reduction (no APUs or generators): 40%  Clean Alternative Fuel Conversion: 50% </p>
<p> <b>Class 4-8 School Bus</b>  <b>Class 4-8 Shuttle or Transit Bus</b> </p> <p> Engine Model year 2009 or Older  Engine Replacement: 40-75% non-gov, 100% gov  Vehicle Replacement: 25-75% non-gov, 100% gov </p>	<p> <b>Type A, B, C, D Diesel School Bus</b>  <b>Class 5-8 Diesel Shuttle, Transit or Other Bus</b> </p> <p> Engine Model Year 2006 and older  Engine Replacement: 75%  Vehicle Replacement: 50%  Retrofits +/- Aero, LRR Tires: 100%  Idle Reduction: 40%  Clean Alternative Fuel Conversion: 50% </p>

# How Tribes Access Trust Funds

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- u Tribal Beneficiary must submit to the Trustee a funding request and Beneficiary certifications **by September 1, 2018**
  - u Round 1: Jan. 1 2018 deadline
  - u Round 2: Sept. 1 2018 deadline for next 5-9 years
  - u Funding request must: explain overall goal for the funds, describe estimated NO<sub>x</sub> reductions, list the categories of projects, consider benefits to air quality in communities with disproportionate air pollution burden, seek & consider public input
- u Tribal Beneficiary may split Trust funds between Eligible Mitigation Actions #1-9 & DERA Option #10
- u Two or more Beneficiaries may submit a joint request

# EPA's Diesel Emissions Reduction Act Tribal Program

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- u Enables EPA to offer funding assistance
- u Goal to reduce diesel emissions
- u Competitive Request for Proposals (RFP)
- u 2017: \$1.5 million total



# DERA Option #10

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- u Eligible Mitigation #10 DERA Option:
  - u Tribes must be certified beneficiaries to the Tribal Trust Agreement and submit Notice of Intent to Participate under EPA's DERA's Tribal program
  - u VW funds can be used for non-federal voluntary cost share costs of the eligible project under the DERA Tribal program
  - u VW funds cannot be used to meet the mandatory cost share requirements under the DERA program
- u EPA's DERA Tribal Grant Program 2018 (tentative since no federal budget):
  - u RFP out March or April, open 45-60 days
  - u Award by Summer, prior to Sept. 1 VW deadline

# DERA: Eligible Vehicles, Engines & Equipment

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



# DERA: Eligible Projects

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- u Exhaust Control Technologies
- u Engine Upgrades and Remanufacture Systems
- u Cleaner Fuel
- u Idle Reduction Technologies
- u Aerodynamic Technologies & Low Rolling Resistance Tires
- u Engine Replacements
- u Vehicle and Equipment Replacements
- u Clean Alternative Fuel Conversions

*All technologies must be EPA/CARB verified & certified*



# EPA Funding Percentage

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## Vehicle and Equipment Replacements

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

# Diesel Generator Replacements

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## Certified Engine and/or Equipment Replacements

- u Stationary Generators for Power Production: EPA funds 80% of the cost
  - u Must have an existing diesel generator for energy power production currently operating +500 hours/year
  - u Replace, downsize or eliminate an old diesel generator
  - u Install a new zero-emission electricity generation system with energy storage (i.e., battery or fuel cells)
    - u EPA funds may not be used to purchase or generate the electricity (i.e., solar PV or wind)

# 2016 DERA Grant



THE  
MORONGO MISSION INDIANS  
**GO BAND OF**  
A SOVEREIGN NATION

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

# 2016 DERA Grant



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

# VW Settlement & EPA DERA Grant

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- u Apply for Beneficiary status by **September 1** (and every year after)
  - u Technical assistance by the Institute for Tribal Environmental Professionals (ITEP)
  - u Monthly webinars [www.ntaatribalair.org](http://www.ntaatribalair.org)
- u Apply to EPA's DERA Tribal Grant Program, tentative
  - u RFP out March or April, open 45-60 days
  - u Awards in Summer, prior to Sept. 1 VW deadline as a Beneficiary
  - u [www.epa.gov/cleandiesel/clean-diesel-tribal-grants](http://www.epa.gov/cleandiesel/clean-diesel-tribal-grants)

# Additional Information

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- u EPA VW Trust Agreement:  
[www.epa.gov/enforcement/Volkswagen-clean-air-act-civil-settlement](http://www.epa.gov/enforcement/Volkswagen-clean-air-act-civil-settlement)
- u EPA DERA Option:  
[www.epa.gov/cleandiesel/Volkswagen-vw-settlement-dera-option](http://www.epa.gov/cleandiesel/Volkswagen-vw-settlement-dera-option)
- u EPA DERA Grant Program & RFP:  
[www.epa.gov/cleandiesel/clean-diesel-tribal-grants](http://www.epa.gov/cleandiesel/clean-diesel-tribal-grants)
- u National Tribal Air Association for Technical Assistance & the VW Workgroup:  
[www.ntaatribalair.org](http://www.ntaatribalair.org)

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Questions?



# 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

# Potential Pitfalls

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

# Potential Pitfalls

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

# Potential Pitfalls

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