



Indiana Department of Environmental Management

Protecting Hoosiers and Our Environment Since 1986



Indiana Volkswagen Mitigation Trust Fund Advisory Committee Meeting

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Key Questions Answered During Public Comment Period

- What types of eligible projects should Indiana fund?
- What fuel types should Indiana consider for Repower and Replacement projects?
- How much of Indiana's allotment of \$41 million should be used to support light-duty electric vehicle infrastructure?
- What is a reasonable match requirement to allow Indiana's available funds to go as far as possible, without negating the ability for projects to be implemented by public and private partners?
- How much of Indiana's allotment should be allocated to the DERA Option to allow for project types beyond those specifically identified in national mitigation trust
- Commenters also provided input and insight on how Indiana should prioritize projects in the project solicitation phase of the program



Indiana VW Mitigation Trust Program Outreach

IDEM received comments to guide the development of the Beneficiary Mitigation Plan through:

- Five (5) Public Listening Sessions in partnership with the Advisory Committee across Indiana
- Question and Answer periods at Public Listening Sessions
- Formal IDEM VW Mitigation Trust email address
- Presentations to regional leadership groups including the Northwest Indiana Regional Planning Commission, Midwest Clean Diesel Initiative Steering Committee, and MACOG Partners for Clean Air
- Presentations to trade groups including the National Truck Equipment Association and Indiana Propane Gas Association
- Presentations to industry-specific stakeholders including the School Transportation Association of Indiana



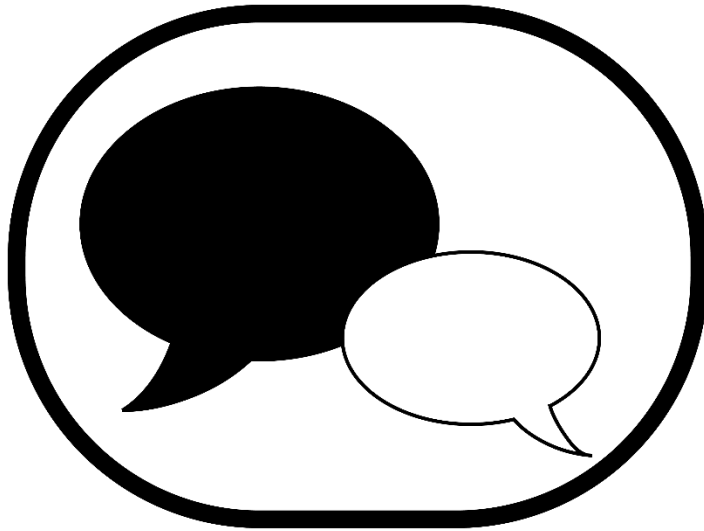
Indiana Volkswagen Mitigation Trust Program Overview of Comments

IDEM received well over 100 unique comments through various means indicating a preference to fund and/or consider:

- 15% light duty EV infrastructure
- Proven technologies (alt. fuels/new diesel)
- Propane buses
- Electric buses (schools and transit) and trucks
- Less than 100% public funding to allow for greater number of projects
- Using some funds for DERA match for additional project types
- Prioritization with fuel neutral approach and evaluate and score based on NOx reductions
- Evaluating and scoring projects for public health benefits (not just NOx reductions)
- Including specific set-asides (i.e. electric school buses)
- Supporting NW Indiana nonattainment areas or diesel emissions as priority areas
- Supporting no geographic restriction within Indiana



Advisory Committee Discussion and Q&A Session





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IDEM Suggestions on Funding Allocation Based on Feedback Received



Eligible Mitigation Project Types

According to the Consent Decree and Mitigation Trust, eligible projects are:

- Class 8 local freight trucks and port drayage trucks.
- Class 4-8 school/shuttle/transit buses.
- Freight switcher locomotives.
- Ferries/tugboats.
- Ocean and lake going vessels shorepower.
- Class 4-7 local trucks.
- Airport ground support equipment.
- Forklifts and cargo handling equipment at ports.
- Light duty zero electric vehicle supply equipment (up to 15% of allocation).
- Diesel Emission Reduction Act (DERA) option.
 - Option to use trust funds for actions not specifically listed but otherwise eligible under DERA.
 - Projects funded under the DERA option will be required to meet the DERA cost share requirements.

Note: Public and private entities are both eligible, with funding percentages dependent upon type of emission reduction strategy.



Potential Grouping of Eligible Project Types

Generally the eligible project types can be categorized into the following for more efficient applications, evaluation, and scoring:

1. Onroad Equipment and Vehicles

- Projects such as Class 4-8 trucks and Class 4-8 school, shuttle, and transit buses

2. Nonroad Equipment and Vehicles

- Projects such as airport ground support equipment, forklifts and port cargo handling equipment, ferries and tugboats, and freight-switcher locomotives

3. DERA Option Project Types

- Projects such as idle reduction technologies, diesel engine Repower and Replacements using fuel options not permitted under Volkswagen, diesel engine upgrades, and exhaust after-treatments

4. Light-Duty Electric Infrastructure

- Projects such as Level 1, Level 2, and Fast Charging stations across Indiana (not to be confused with heavy-duty electric infrastructure)

5. Administrative Costs

- Costs such as IDEM staff, outreach materials where appropriate, and appropriate Advisory Committee expenses



1) Onroad Equipment and Vehicle Comment Trends

Onroad equipment and vehicles are the most prevalent project types eligible under the national mitigation trust. In general, the comments addressing this group of projects focused on:

- Funding of proven technologies (alternative fuels and new diesel)
- Funding of electric school buses
- Funding of propane school buses
- Include set asides for certain project types (electric school buses)
- Prioritize with fuel-neutral approach focused on NOx reduction
- Priority should be given to nonattainment or maintenance areas
- Support of all projects with no geographic restriction or prioritization but based on the merit of the project
- Public and private match requirements should be consistent
- High budget projects may require higher match requirements to spread the available funds to more projects



Onroad Equipment and Vehicle 50% of Total Trust Fund

- Includes Class 4-8 trucks and Class 4-8 buses
- Must be Indiana-owned equipment
- Allocate 50% (~\$20.5 million)
- Set aside 40% (~\$8.2 million) of onroad for school buses
 - Carve out 30% (~\$2.75 million) of school bus allocation for electric school buses
- Remaining 60% (~\$12.3 million) for all other Class 4-8 truck or bus projects
- Require a match of 25% for all non-electric-powered engine and vehicle projects, whether public or private, unless Trust calls for greater match
- Require a match of 30% for all electric-powered engine and vehicle projects, whether public or private



2) Nonroad Equipment and Vehicle Comment Trends

Nonroad equipment and vehicles typically have some of the greatest emission reduction potential based on the age and application of the equipment. In general, the nonroad comments focused on:

- Marine, locomotive, and other nonroad equipment projects should be a priority due to the significantly longer equipment lives and higher load factor
- Switcher locomotives are a cost-effective project type due to the incredibly long lifespan, often 30-plus years
- Limited interest in marine applications
- Some interest in ground support equipment at Indiana airports



Nonroad Equipment and Vehicle 22% of Total Trust Fund

- Includes freight switcher locomotives, ferries and tug boats, airport ground support equipment, and forklifts and port cargo handling equipment
- Nonroad equipment and vehicles must be Indiana-based (not owned)
- Allocate 22% (~\$9.02 million) to equipment and vehicles in nonroad group
- Require a match of 25% for all non-electric-powered equipment and vehicle projects, whether public or private
- Require a match of 30% for all electric-powered equipment and vehicle projects, whether public or private



3) Diesel Emission Reduction Act (DERA) Option Comment Trends

The DERA Option provides additional project types not specifically identified in the national mitigation trust. In general, the comments addressing this group of projects focused on:

- Significant funds should be allocated to the DERA Option
- No funds should be allocated to the DERA Option
- Plug-in idle reduction technology funded under the DERA Option has notable emission reduction potential
- DERA could be used for electrified parking spaces



Diesel Emission Reduction Act Option 10% of Total Trust Fund

- This group includes many projects included in the national mitigation trust, but adds several projects types not specifically identified in the trust language
- Onroad equipment and vehicles must be Indiana-owned
- Nonroad equipment and vehicles must be Indiana-based
- Allocate 10% (~\$4.1 million)
- Require a match consistent with most recent release of DERA State Allocation Program, whether public or private



4) Light-Duty Electric Infrastructure Comment Trends

The light-duty electric infrastructure project type received the greatest number of unique comments. In general, the comments addressing this group of projects focused on:

- Maximum amount of 15% should be allocated
- Public and private partners should have a match requirement
- Maximum amount should be allocated with a higher match from public verses private partners
- Should be focused on corridor projects as highest priority
- Highest number of citizen comments from individuals not representing organizations or interest groups
- Ensure ongoing maintenance of sites will be in place at all publically available locations



Electric Infrastructure

15% of Total Trust Fund

- Level 1, Level 2, and Fast Charging light-duty electric infrastructure equipment, along with ocean going vessel shorepower technologies
- IDEM is not recommending any funding for ocean going vessel shorepower projects due to lack of demonstrated interest
- All electric infrastructure equipment must be Indiana-based
- Allocate 15% (~\$6.15 million) to infrastructure equipment in this group
- Require a match of 20% for all infrastructure equipment made available to the public, whether publicly or privately owned, in this group
- Require a match of 40% for all infrastructure equipment not made available to the public, whether publicly or privately owned, in this group



5) Beneficiary Administrative Costs Comment Trends

The mitigation trust provides funding to Beneficiaries for appropriate administrative fees. Only two comments referenced administrative costs:

- Administrative costs should be reasonable and not exceed 5%
- Allow 15% for “self-monitor” expenses by project applicants
 - It should be noted that the administrative costs detailed in the Volkswagen Mitigation Trust are for “Beneficiary” costs, not sub-recipients



Beneficiary Administrative Costs 3% of Total Trust Fund

- The national mitigation trust language does not provide funding support for project management or administrative fees to applicants or their contractors through the eligible mitigation action
- These funds would be used to cover IDEM staff as well as limited costs of the Advisory Committee
- Allocate 3% (~\$1.23 million)



Indiana Volkswagen Mitigation Trust Allocation Summary

Eligible Mitigation Action	Suggested Allocation
Onroad Equipment and Vehicles	50%
Nonroad Equipment and Vehicles	22%
DERA Option	10%
Electric Infrastructure	15%
Administrative Costs	3%
TOTAL	100%

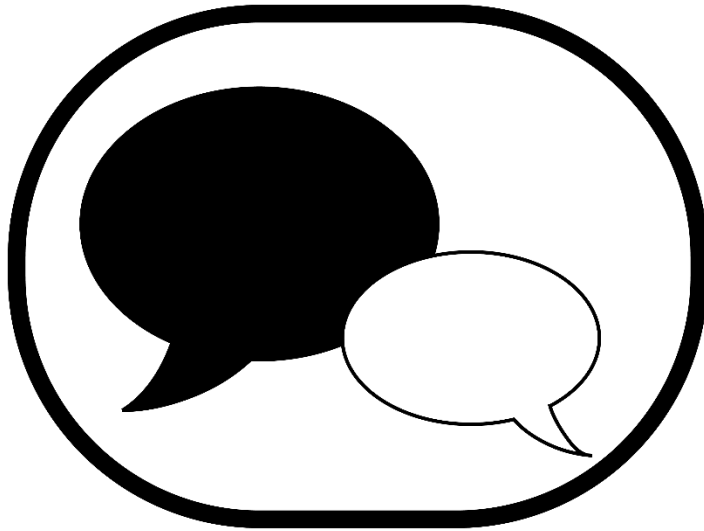


Non-Allocation Related Considerations

- The national mitigation trust requires Beneficiaries to describe how they will address areas with disproportionate share of air pollution burden
 - The BMP and solicitation for projects will be open to all geographic areas of the state and this requirement will be addressed in the scoring criteria to give preference to specific areas where this burden is demonstrated
- Several comments were received in Public Listening Sessions, question and answer sessions, stakeholder group presentations, and other events that are outside of the BMP development process
 - This comments included topics such as project scoring preferences, geographic priorities, and fuel types to name a few; these are more appropriately addressed in the solicitation for projects to come at a later date



Advisory Committee Discussion and Q&A Session





Indiana Volkswagen Mitigation Trust Advisory Committee Timeline

Milestone	Estimated Completion	Advisory Committee Involvement
Beneficiary Mitigation Plan recommendations shared with Advisory Committee	May 2, 2018	Direction to IDEM
Updated Final Draft of BMP posted to Indiana VW Mitigation Trust Website	June 2018	Review and/or Approval
Final BMP Submitted to Trustee	July 2018	NA
Develop Solicitation for Projects to Include Clear Evaluation Criteria	Summer 2018	Review and/or Approval
Release Indiana Volkswagen Mitigation Trust Program Solicitation for Projects for first round of funding	Summer/Fall 2018	NA
Indiana Volkswagen Mitigation Trust Program Project Recommendations Shared with Advisory Committee	Winter 2018	Review and/or Approval



For More Information

Indiana Volkswagen Mitigation Trust Program website:

www.idem.IN.gov/vwtrust

Submit Beneficiary Mitigation Plan comments to:

VWTrust@idem.IN.gov

For program assistance:

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