



Request for Information

**VOLKSWAGEN CONSENT DECREE  
ENVIRONMENTAL MITIGATION TRUST**

**BENEFICIARY MITIGATION PLAN  
(DRAFT FRAMEWORK)**

Deadline for Submissions:  
March 31, 2018

**Volkswagen Mitigation Trust Questions:**

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# **Volkswagen Consent Decree Environmental Mitigation Trust**

## **Beneficiary Mitigation Plan**

### **Statement of Purpose**

The State of Indiana (State), through the Indiana Department of Environmental Management (IDEM), issues this Request for Information (RFI) to solicit input on this Draft Framework of the State's Beneficiary Mitigation Plan (BMP), as referenced in the [Third Partial Settlement and Consent Decree](#) along with the latest filing regarding the [Environmental Mitigation Trust for State Beneficiaries](#). Information received in response to this RFI will inform the State's Final BMP.

### **Background**

The settlement establishes a Mitigation Trust to be used for environmental mitigation projects that reduce emissions and improve air quality. The funding for the Eligible Mitigation Actions is intended to fully mitigate the total, lifetime excess oxides of nitrogen (NOx) emissions from vehicles involved in the case. The trust provides \$40.9 million for Indiana; the funds are to be used during a 10 year period for specific, eligible projects designed to achieve these results.

The State must submit a BMP for approval in order to access the trust funds. The information collected through this RFI will be used to inform the Final BMP submitted for approval.

### **Eligible Projects**

The eligible projects are specified in Appendix D-2 of the settlement. The broad categories of projects allowed are:

- Class 8 local freight trucks and port drayage trucks
- Class 4-8 school buses, shuttle buses or transit buses
- Class 4-7 local freight trucks
- Pre-Tier 4 diesel switcher locomotives
- Repower or upgrade of eligible diesel-powered ferries and tugs
- Shorepower equipment for oceangoing vessels and vessels operating within the Great Lakes
- Repower of eligible diesel-powered airport ground support equipment
- Repower of eligible forklifts and port cargo handling equipment
- Light duty zero emission vehicle supply equipment
- Matching funds for DieselWise Indiana's EPA state allocation funding under the Diesel Emission Reduction Act (DERA).

## **Request for Information**

The State must address the following information in developing the BMP:

- The overall goal for the use of the funds.
- The categories of Eligible Mitigation Actions appropriate to achieve the stated goals and a preliminary assessment of the percentage of funds appropriate for each category of mitigation action.
- A description of how the State will measure the potential beneficial impact of Eligible Mitigation Actions on air quality in areas that bear a disproportionate share of the air pollution burden.
- A general description of the expected ranges of emission benefits that would be realized by implementation of the BMP.

The RFI is intended to provide the State with enough information to develop a high level vision for use of the mitigation funds. The Final BMP submittal will contain that vision and will be used to guide development of the process for identifying specific projects to be funded.

## **Submissions**

Information responsive to this RFI should be sent to:

Indiana Volkswagen Mitigation Trust  
[VWTrust@idem.IN.gov](mailto:VWTrust@idem.IN.gov)

## **Program Questions**

Questions specific to Indiana's Volkswagen Mitigation Trust Program should be sent to:

Mr. Shawn M. Seals  
Indiana Department of Environmental Management  
(317) 233-0425  
[SSeals@idem.IN.gov](mailto:SSeals@idem.IN.gov)

***Submission deadline is March 31, 2018***

# APPENDIX

## Indiana Department of Environmental Management Volkswagen Environmental Mitigation Trust Draft Beneficiary Mitigation Plan

### Introduction

The following proposal is in response to the approximate \$40.9 million Indiana is poised to receive in settlement funds under the [Third Partial Settlement and Consent Decree](#) along with the latest filing regarding the [Environmental Mitigation Trust for State Beneficiaries](#). Appendix D-2 of the Environmental Mitigation Trust for Beneficiaries specifies eligible mitigation actions and expenditures for the Mitigation Trust Fund. IDEM will administer these funds and proposes to implement the following strategy to reduce nitrogen oxides (NOx) emissions in Indiana.

IDEM, Office of Air Quality, has identified areas in Indiana that currently have the highest NOx emissions and counties likely to be designated as “Nonattainment” with the United States Environmental Protection Agency (U.S. EPA) 2015 8-hour Ozone National Ambient Air Quality Standards (NAAQS). NOx is a precursor to ozone. IDEM proposes to prioritize (in part) use of the settlement funds to reduce NOx emissions in ozone nonattainment areas and areas under maintenance plans for ozone or fine particulate matter (PM2.5) to the extent possible. IDEM is also encouraging other areas of the state to apply for funds to improve air quality through the early replacement of other vehicles and equipment.

### Project Descriptions

IDEM is proposing to allocate the Mitigation Trust Fund dollars in four categories designed to implement projects that reduce NOx and other criteria pollutants. The types of projects included with this proposal are durable, sustainable solutions for the long-term benefit of communities. Project outcomes will be quantified with the U.S. EPA Diesel Emissions Quantifier or other appropriate methodology.

Additionally, IDEM is seeking input regarding the proposal criteria outlined in Table 1, including:

- Project types.
- Allocations.
- Grantee match requirements.

#### Category 1:

- Consent Decree Appendix D-2 listed projects: Percent allocated to be determined through RFI process.
  - Class 8 local freight trucks and port drayage trucks
  - Class 4-8 school buses, shuttle buses or transit buses
  - Class 4-7 local freight trucks
  - Pre-Tier 4 diesel switcher locomotives

- Repower or upgrade of eligible diesel-powered ferries and tugs
- Shorepower equipment for oceangoing vessels and vessels operating within the Great Lakes
- Repower of eligible diesel-powered airport ground support equipment
- Repower of eligible forklifts and port cargo handling equipment

Category 2:

- State DERA match: Percent allocated to be determined through RFI process.
  - Traditional DERA-type projects including but not limited to vehicle and engine replacements, exhaust after treatments, idle reduction technologies, etc.

Category 3:

- New light duty zero emissions vehicle supply equipment: Percent allocated to be determined through RFI process.
  - Feasibility studies to determine viable project locations as well as appropriate technology types.

Category 4:

- Staff: Percent allocated to be determined through necessary staff resource allocation.

**Impact Statement**

Using the U.S. EPA Diesel Emissions Quantifier or other appropriate methodology, emission reduction potential from the BMP will be determined. These reductions may continue to increase over time as the life expectancy of some of the equipment likely to be included in the BMP will exceed the ten year cycle of the Volkswagen Environmental Mitigation Trust.

Priority for projects will be given to areas that:

- Are currently or may soon be designated nonattainment for the newest ozone NAAQS or are maintenance areas for Ozone and/or PM2.5 NAAQS.
- Have populations adversely impacted by poor air quality due to diesel engine emissions from nearby stationary or mobile emission sources, such as urban residential areas in close proximity to roadways with high traffic volumes.

**Potential Project Partners**

Potential project partners include non-profit organizations, health organizations, industry stakeholders (railroad, boats, trucking, and construction), educational institutions, environmental advocacy groups, environmental justice organizations, and communities. Through the Indiana Clean Diesel Coalition and other partnerships, IDEM has

established effective working relationships with many partners who are invited to provide input relative to Mitigation Trust projects.

### **Ten Year Implementation Plan**

Year 1:

- Project planning, partner development, feasibility studies, project implementation (including DERA).

Years 2-10:

- Priority will initially be given to large project implementation to obtain the highest amount of NOx reductions in non-attainment areas and in urban areas impacted by diesel engine emissions from nearby stationary or mobile emission sources.
- DERA projects will continue through all ten years if the State continues to receive allocation of funds from the U.S. EPA.

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## BMP Development Prompts and Project Considerations

The empty cells of Table 1 below will be developed using input provided through this RFI. The prompts below can be used to guide input on the Budget Framework:

- What percent of the total should be allocated towards the listed project types?
- The final consent decree generally allows for a maximum funding amount of 100% for public fleets and 75% for private fleets.
  - With the intent of leveraging the funds, what percent match should be required of public entities?
  - With the intent of leveraging the funds, what percent match should be required of private entities?
- What is a reasonable maximum award amount per grant?
- How should the project types be ranked in order of importance for the distribution of funds (1 being highest priority)?

**Table 1**

<b>Funding/Project Category</b>	<b>Percent of Total Allocation</b>	<b>Percent Match Required</b>	<b>Maximum Award Amount per Grant</b>	<b>Project Category Priority</b>
<b>Emission Reduction Projects</b>				
Class 8 trucks				
Class 4-8 buses				
Class 4-7 trucks				
Pre-Tier 4 switcher locomotives				
Repowers of ferries and tugs				
Shorepower equipment for marine locations				
Repower of airport ground support equipment				
Repower of forklifts and port cargo handling equipment				
<b>State DERA Match</b>				
<b>Light duty zero emissions infrastructure</b>				