



Indiana Department of Environmental Management

Protecting Hoosiers and Our Environment Since 1986



Indiana Volkswagen Mitigation Trust Program

Shawn Seals

Senior Environmental Manager

IDEM – Office of Air Quality



Indiana Volkswagen Mitigation Trust Program Overview

- Trust Background
- Trust Settlement
- Indiana Volkswagen Mitigation Trust Program
 - Financials
 - Website
- Eligible Mitigation Projects and Funding Caps
- Project Application, Prioritization, and Selection Process
- What Beneficiary Mitigations Plans Must Include
- Beneficiary Mitigation Plan Open for Comments



Volkswagen Mitigation Trust Background

- Volkswagen was found to have developed 2.0 and 3.0 liter diesel vehicles in 2009 through 2016 with computer algorithms that caused the emissions control systems of those vehicles to perform differently during normal vehicle operation than they did during emissions testing.
- These algorithms, often referred to as the “defeat device,” resulted in excess nitrogen oxides (NO_x) emissions beyond the U.S. EPA certified limits.



Volkswagen Mitigation Trust Settlement

- Volkswagen will spend \$14.9 billion to buy back and/or repair affected vehicles as well as support state and national projects to reduce NOx emissions.
- \$10 billion will be used for consumer buy back and affected vehicle repairs.
- \$2 billion will be used in Zero Emission Vehicle (ZEV) Investment administered by Volkswagen.
 - ZEV refers to battery electric vehicles, plug-in hybrid electric vehicles, and fuel cell vehicles.
- \$2.9 billion will be used by states for an Environmental Mitigation Trust.



Indiana Volkswagen Mitigation Trust Program Financials

- Funds from the Environmental Mitigation Trust were allocated based on the number of affected Volkswagen diesel vehicles in each state.
- Indiana's portion of the \$2.9 billion for the Environmental Mitigation Trust Program is nearly \$41 million.
- These funds can be used for eligible NOx emissions reducing projects for no less than 3 years and no more than 10 years.



Indiana Volkswagen Mitigation Trust Program

- On October 4, 2017, Governor Holcomb named IDEM as the Beneficiary to represent Indiana, and an 11-member Advisory Committee to engage with the lead agency throughout the process.
- IDEM's Office of Air Quality published the web portal for the Indiana Volkswagen Mitigation Trust Program, which includes:
 - The opportunity to sign up for automated email updates when changes or additions take place on the site.
 - Clear information on eligible project types as specified in the final Trust filed with the U.S. Court.
 - Background information on the Volkswagen settlement, consent decree, and the mitigation trust.
 - A Beneficiary Mitigation Plan draft framework document to serve as the starting point for final submittal.



Eligible Mitigation Projects

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

- Class 8 local freight and port drayage trucks.
- Class 4-8 school/shuttle/transit buses.
- Freight switcher locomotives.
- Ferris/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 emission 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 for funding from the Indiana Volkswagen Mitigation Trust Program.

Mitigation Project Funding Caps

Funding caps are dictated by the mitigation trust and are as follows:

Class 8 Local Freight and Port Drayage Trucks (Model Year 1992-2009)

- Government owned eligible Class 8 trucks
 - Up to 100% of Repower or Replacement regardless of fuel source
- Non-Government owned eligible Class 8 trucks
 - Up to 40% of Repower with new diesel, alternative fuel, or hybrid engine
 - Up to 25% of Replacement vehicle with new diesel, alternative fuel, or hybrid engine
 - Up to 75% of Repower with new All-Electric engine
 - Up to 75% of Replacement with new All-Electric vehicle
- Non-Government owned eligible Drayage Trucks
 - Up to 40% of Repower with new diesel, alternative fuel, or hybrid engine
 - Up to 50% of Replacement vehicle with new diesel, alternative fuel, or hybrid engine
 - Up to 75% of Repower with new All-Electric engine
 - Up to 75% of Replacement with new All-Electric vehicle



Mitigation Project Funding Caps

Funding caps are dictated by the mitigation trust and are as follows:

Class 4-8 School Bus, Shuttle Bus or Transit Bus (Model Year 1992-2009)

- Government owned eligible buses
 - Up to 100% of Repower or Replacement regardless of fuel source
- Non-Government owned eligible buses
 - Up to 40% of Repower with new diesel, alternative fuel, or hybrid engine
 - Up to 25% of Replacement vehicle with new diesel, alternative fuel, or hybrid engine
 - Up to 75% of Repower with new All-Electric engine
 - Up to 75% of Replacement with new All-Electric vehicle



Mitigation Project Funding Caps

Funding caps are dictated by the mitigation trust and are as follows:

Freight Switchers

(Pre-Tier 4 operated over 1,000 hours per year)

- Government owned eligible freight switchers
 - Up to 100% of Repower or Replacement regardless of fuel source for engines or generator sets
- Non-Government owned eligible freight switchers
 - Up to 40% of Repower with new diesel, alternative fuel, or hybrid engines or generator sets
 - Up to 25% of Replacement freight switcher with new diesel, alternative fuel, or hybrid engines or generator sets
 - Up to 75% of Repower with new All-Electric engines
 - Up to 75% of Replacement with new All-Electric freight switcher



Mitigation Project Funding Caps

Funding caps are dictated by the mitigation trust and are as follows:

Ferry/Tug Engines (Pre-Tier 3)

- Government owned eligible ferry/tug engines
 - Up to 100% of Repower regardless of fuel source for engines
- Non-Government owned eligible ferry/tug engines
 - Up to 40% of Repower with new diesel, alternative fuel, or hybrid engines
 - Up to 75% of Repower with new All-Electric engines



Mitigation Project Funding Caps

Funding caps are dictated by the mitigation trust and are as follows:

Ocean Going Vessels Shorepower

- Government owned eligible marine shorepower
 - Up to 100% of the shore-side system
- Non-Government owned eligible marine shorepower
 - Up to 25% of the shore-side system



Mitigation Project Funding Caps

Funding caps are dictated by the mitigation trust and are as follows:

Class 4-7 Local Freight Trucks (Model Year 1992-2009)

- Government owned eligible Class 4-7 trucks
 - Up to 100% of Repower or Replacement regardless of fuel source
- Non-Government owned eligible Class 4-7 trucks
 - Up to 40% of Repower with new diesel, alternative fuel, or hybrid engine
 - Up to 25% of Replacement vehicle with new diesel, alternative fuel, or hybrid engine
 - Up to 75% of Repower with new All-Electric engine
 - Up to 75% of Replacement with new All-Electric vehicle



Mitigation Project Funding Caps

Funding caps are dictated by the mitigation trust and are as follows:

Airport Ground Support Equipment (Pre-Tier 3)

- Government owned eligible equipment
 - Up to 100% of Repower or Replacement with new All-Electric engine or equipment
- Non-Government owned eligible equipment
 - Up to 75% of Repower with new All-Electric engine
 - Up to 75% of Replacement with new All-Electric vehicle



Mitigation Project Funding Caps

Funding caps are dictated by the mitigation trust and are as follows:

Forklifts and Port Cargo Handling Equipment (Greater than 8,000 lift capacity)

- Government owned eligible equipment
 - Up to 100% of Repower or Replacement with new All-Electric engine or equipment
- Non-Government owned eligible equipment
 - Up to 75% of Repower with new All-Electric engine
 - Up to 75% of Replacement with new All-Electric vehicle



Mitigation Project Funding Caps

Funding caps are dictated by the mitigation trust and are as follows:

Light Duty Zero Emission Vehicle Supply Equipment (Level 1, Level 2, or Fast Charging)

- Government owned eligible equipment
 - Up to 100% of purchase, installation, and maintenance of light duty electric vehicle supply equipment available to the public
- Non-Government owned eligible equipment
 - Up to 80% of purchase, installation, and maintenance of light duty electric vehicle supply equipment available to the public
 - Up to 60% of purchase, installation, and maintenance of light duty electric vehicle supply equipment available at workplace but not to the public
 - Up to 60% of purchase, installation, and maintenance of light duty electric vehicle supply equipment available at multi-unit dwelling but not to the public

Mitigation Project Funding Caps

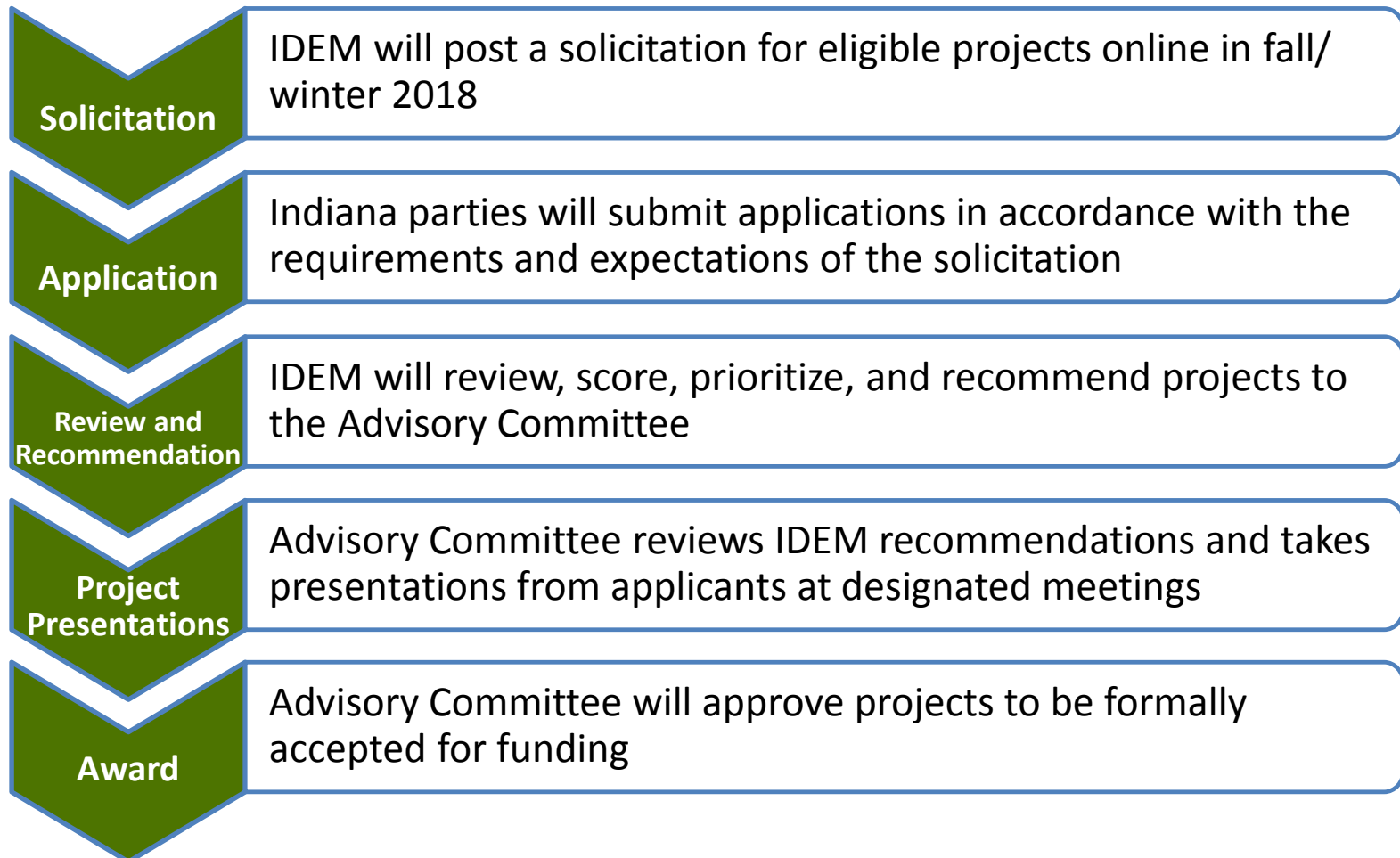
Funding caps are dictated by the mitigation trust and are as follows:

Diesel Emission Reduction Act (DERA) Option (DERA eligibility and match requirements must be met)

- Beneficiaries may use Trust Funds for their non-federal voluntary match
- Allows for actions not specifically enumerated in the Mitigation Trust
- Example DERA-eligible projects, not VW-eligible:
 - Exhaust aftertreatment retrofits (Up to 100%)
 - Idle reduction technologies
 - Up to 40% for switcher locomotives
 - Up to 25% for Class 4 through 8 trucks and school buses
 - Up to 30% for truck stop electrification
 - Diesel engine upgrades (Up to 40%)
 - Diesel engine and vehicle Repower and Replacements using fuel options not permitted under VW
 - Up to 40% for locomotive, marine, nonroad, and onroad engines replaced with alternatives beyond All-Electric
 - Up to 60% for locomotive, marine, nonroad, and onroad engines replaced with electric alternatives



Project Application, Prioritization and Selection Process





What Beneficiary Mitigation Plans Must Include

According to the Consent Decree and Mitigation Trust, the plan must:

- Include the “high-level vision for use of the mitigation funds.”
- Explain the beneficiary’s overall goal for the use of the trust funds.
- Describe the NOx reductions the beneficiary expects its plan to achieve.
- List the categories of projects the beneficiary intends to implement.
- Explain how the beneficiary will consider benefits to air quality in communities with a disproportionate air pollution burden.
- Explain how it will seek and consider public input.
- Make other statements to allow the public and the Trustee to better understand the goals of the plan.



Beneficiary Mitigation Plan

Open for Comments Until March 31, 2018

IDEM is seeking input on:

- Importance of each project category.
 - To what extent should DERA Option be funded?
 - What percent should be allocated for electric vehicle infrastructure?
- Percent of total funding allocation for each eligible project type.
- How to prioritize similar eligible projects for funding?
- Maximum award percentages to provide to project partners.
 - Should Government and Non-Government be the same or different?
- Maximum award amount.
 - Fewer larger projects or more smaller ones?

Advisory Committee will review and approve final BMP



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:

Shawn Seals

Senior Environmental Manager

IDEM – Office of Air Quality

(317) 233-0425

SSeals@idem.IN.gov

