



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 by the Trustee.

Eligible Projects

The eligible projects are specified in Appendix D-2 of the settlement and more specific details about these projects as well as funding caps allowed under the national mitigation trust can be found on [Indiana's Volkswagen Mitigation Trust Program](#) website. The broad categories of project types allowed are:

- Repower or Replace Class 8 local freight trucks and port drayage trucks
 - Model Year 1992 - 2009
- Repower or Replace Class 4-8 school buses, shuttle buses or transit buses
 - Model year 1992 - 2009
- Repower or Replace Class 4-7 local freight trucks
 - Model year 1992 - 2009
- Repower or Replace Diesel switcher locomotives
 - Pre-Tier 4 engines and operated over 1,000 hours per year
- Repower of eligible diesel-powered ferries and tugs
 - Pre-Tier 3 engines
- Shorepower equipment for oceangoing vessels and vessels operating within the Great Lakes
- Repower of eligible diesel-powered airport ground support equipment

- Pre-Tier 3 engines
- Repower of eligible forklifts and port cargo handling equipment
 - Greater than 8,000 pounds lifting capacity
- Light duty zero emission vehicle supply equipment
 - Level 1, Level 2, and Fast Charging
- Matching funds for DieselWise Indiana's EPA state allocation funding under the Diesel Emission Reduction Act (DERA)
 - DERA eligibility and match requirements must be met

Ambiguities in eligible projects under the Indiana Volkswagen Mitigation Trust Program will not be addressed at this time. Eligibility is outlined in the national mitigation trust and additional decisions will be made in coordinate with other Midwest Clean Diesel Initiative partner states (Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin).

Request for Information

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

- The "high-level vision for use of the mitigation funds."
- 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.

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Submissions

Information responsive to this RFI should be sent to:

Indiana Volkswagen Mitigation Trust
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

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). NOx is a precursor to ozone and is the pollutant required to be mitigated through the Indiana Volkswagen Mitigation Trust Program by the national mitigation trust. IDEM proposes to prioritize (in part) the use of the settlement funds to reduce NOx emissions, as well as fine particulate matter (PM2.5) emissions, in areas of concern across Indiana to the extent possible. IDEM is encouraging all areas of the state to apply for funds to improve air quality through repower or the early replacement of other vehicles and equipment.

Project Descriptions

IDEM is proposing to allocate the Indiana Volkswagen Mitigation Trust Fund dollars to four categories designed to implement projects that reduce NOx and other criteria pollutant emissions. 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 in the final document. 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 national mitigation trust program.

Solicitation and Selection of Projects

Priority for project selection will be determined in largest part by the project application scores resulting from the specific evaluation criteria that will included in the Indiana Volkswagen Mitigation Trust Program’s solicitation for projects packet. In addition to including the quantitative scoring criteria that will be used in the evaluation process, the expectations of a complete application packet will also be made clear in the solicitation.

This document is not a solicitation for projects and, as such, does not include detail on the application and project selection process. At the appropriate time, this information will be posted to the Indiana Volkswagen Mitigation Trust Program website.

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:

- Lessons learned in previous solicitation cycles will be applied and project planning, partner development, feasibility studies, project implementation (including DERA) will continue.
- 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

Table 1 below will serve as a general guide to the development of the final BMP for Indiana. This BMP 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 (i.e. should there be fewer high-budget projects, or a greater number of lower-budget projects)?
- How should the similar project types be prioritized for selection?

Table 1

Funding/Project Category	Percent of Total Allocation	Percent Match Required	Maximum Award Amount per Grant	Similar Project Type Priority
Emission Reduction Projects				
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				
State DERA Option Match				
Light duty zero emissions infrastructure				