

NMED

New
Mexico
Environment
Department



VOLKSWAGEN CLEAN AIR ACT CONSENT DECREE

August 2017

Air Quality Bureau
New Mexico Environment Department

Volkswagen Partial Settlement Decree

2

- January 4, 2016 – the United States filed a complaint against Volkswagen
 - Approximately 590,000 affected diesel vehicles were sold in the U.S.
 - Approximately 500,000 MY 2009 through 2016 2.0 liter diesel vehicles
 - Approximately 80,000 MY 2009 through 2016 3.0 liter diesel vehicles
- Defeat Devices
 - 2.0 liter vehicles are 10 – 40 times higher nitrogen oxides (NO_x) than emission standards.
 - 3.0 liter vehicles are up to nine times higher NO_x than the emission standards.

What is a defeat device?

Any device that bypasses, defeats, or renders inoperative a required element of the vehicle's emission control system.



What is NO_x?

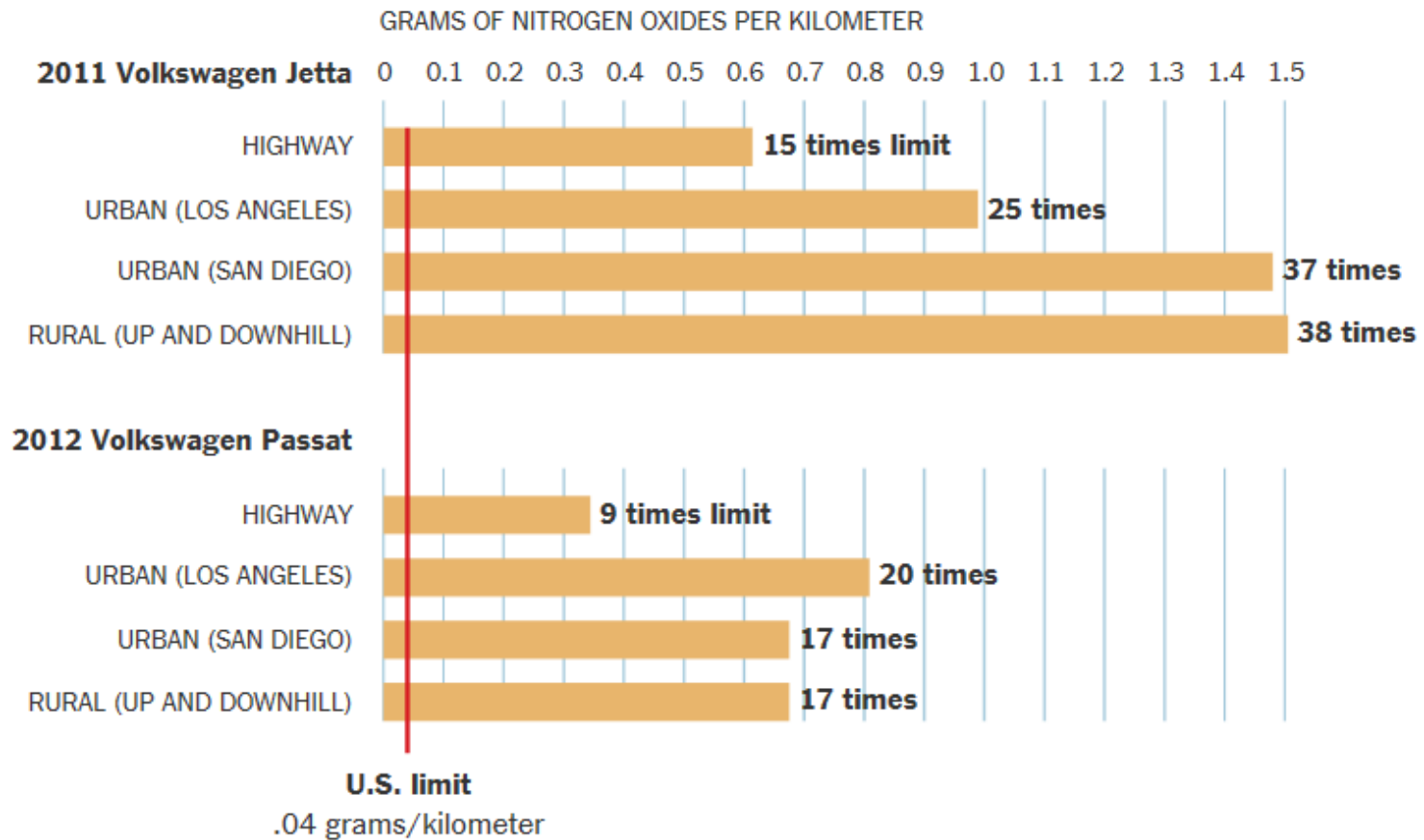
3

- Vehicles emit an array of pollutants including nitrogen oxides (NO_x)
- NO_x is a product of combustion



Average Emissions of NO_x in On-Road Testing

4



Source: Arvind Thiruvengadam, Center for Alternative Fuels, Engines and Emissions at West Virginia University



Other Emission Reduction Benefits

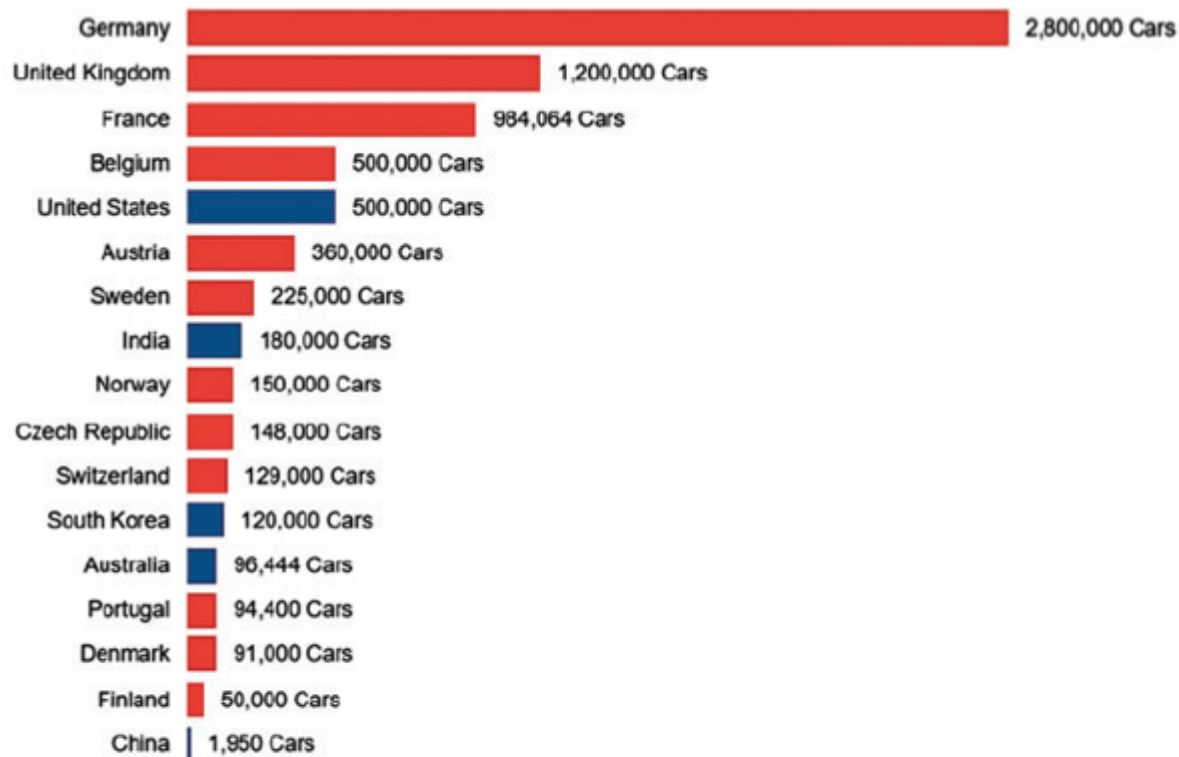
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- While the intent of the VW funding is to offset the excess NO_x emissions generated, there will be the added benefit associated with reduction of other air pollutants.
 - ▣ Particulate matter
 - ▣ Carbon monoxide
 - ▣ Carbon dioxide
 - ▣ Toxic chemicals such as polycyclic aromatic hydrocarbons, benzene, and formaldehyde.



Numbers of Vehicles Affected by Country

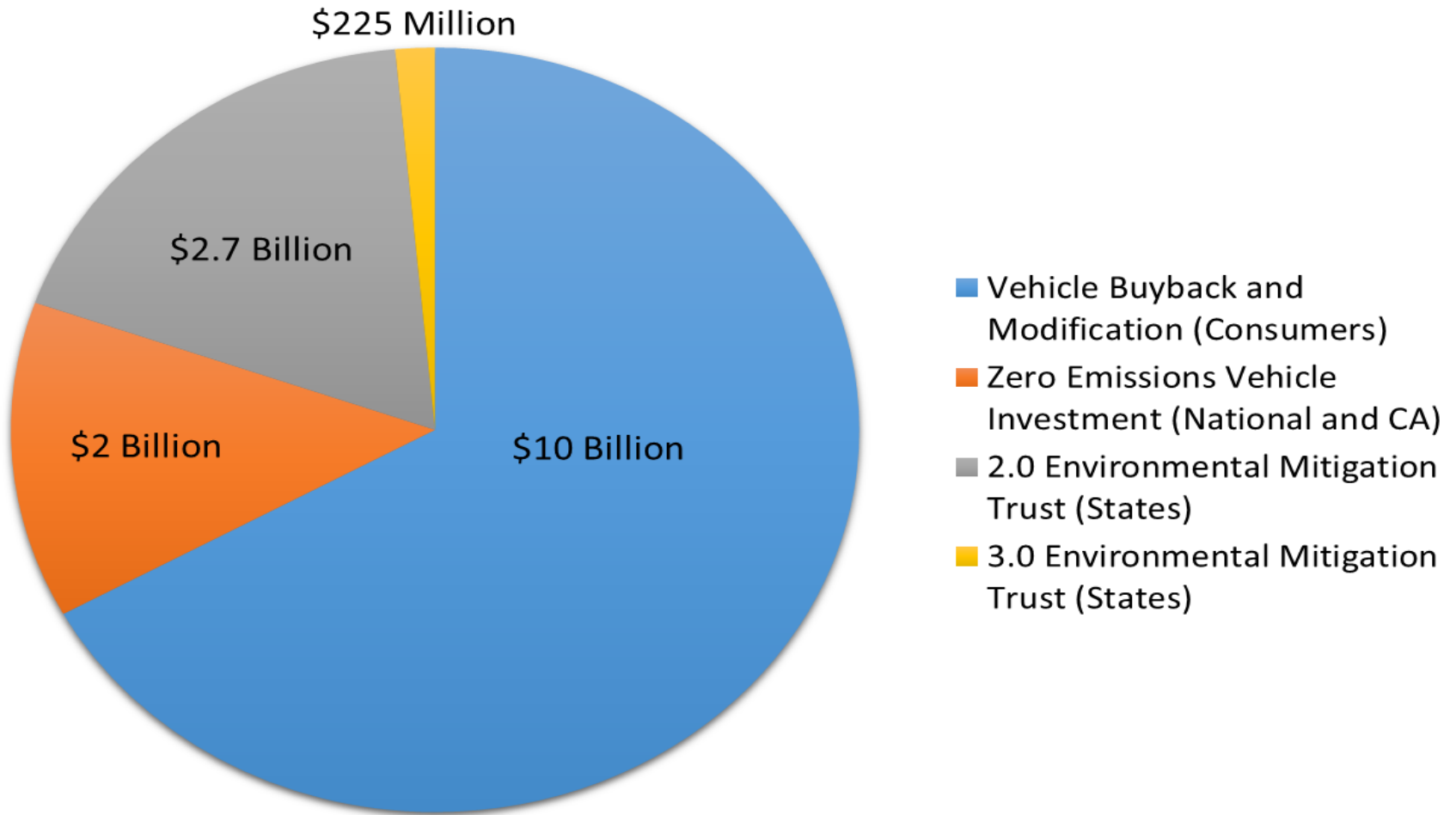
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Canada and South Africa have also been affected by the diesel scandal, but exact figures are not yet known.

Source: McHugh, 2015.





The mitigation funding is intended to fully mitigate the total, lifetime excess NO_x emissions from the affected vehicles.

Environmental mitigation is a term to describe projects or programs intended to offset known impacts to an existing historic or natural resource.

Mitigation Trust

8

- VW establishes and funds the mitigation trust
- The trustee is Wilmington Trust
- Trust Effective Date
 - ▣ Trustee is finalizing trust language
- Trust Effective Date + 60 days = Deadline for States to certify as Beneficiaries
- States have 90 days after becoming Beneficiary to write Mitigation Plans
- Beneficiaries may have access to funds by late 2017 to early 2018



VW Environmental Mitigation Trust Fund

9

- New Mexico will receive nearly \$18 million dollars in settlement funds
 - ▣ \$16,900,502 from 2.0 partial settlement
 - ▣ \$1,082,158 from 3.0 partial settlement



Distribution of Trust Funds

10

- The Trustee decides whether:
 - Projects for which a Beneficiary requests funding are allowable under the well-defined list
 - The costs of the project are allowable under well-defined cost guidance



Beneficiaries

- Every state, the District of Columbia, Puerto Rico and federally recognized Tribes may become Beneficiaries.
- Beneficiaries of the trust receive allocations from the trust to fund specified and pre-approved mitigation projects



Beneficiary Requirements

12

The State or Territory Must:

- File a Certification Form with the Trustee
- Appoint a lead agency
 - The New Mexico Environment Department
- Ensure compliance with all requirements



Lead Agency

13

- The New Mexico Environment Department has been selected as the lead agency
 - ▣ Develops Beneficiary Mitigation Plan
 - ▣ Oversees how funds are distributed and spent within the state
 - ▣ Seeks public input for use of the funds



Beneficiary Mitigation Plan

14

Each Beneficiary must submit to the Trustee and make publicly available a **Beneficiary Mitigation Plan** before receiving any Trust funds. This plan must:

- Explain the Beneficiary's overall goal for the use of the Trust funds
- Describe the NO_x 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 and explain how it will seek and consider public input
- The State's process for seeking and considering public input on the Plan.



Public Input on the New Mexico Beneficiary Mitigation Plan

15

- Dedicated email account to receive public comment
- Listserv subscription for email notification
- VW Settlement webpage that includes:
 - basic information on the settlement
 - a list of activities eligible for funding
 - an alert to stay tuned for upcoming public listening sessions
 - financial information on projects once approved and started, and
 - informational updates as necessary



Environmental Justice

16

- Environmental Justice communities will benefit from the Mitigation Trust.
 - Environmental Justice communities must be considered in planning
 - The no cost-share requirement for government-owned equipment will allow governments to direct the Trust Funded projects to low-income communities



Allowed Expenditure of Trust Funds

17

- Beneficiaries may only use their allocation of Trust funds for eligible mitigation projects
- Must follow cost-sharing guidelines
- Projects required by state or federal law are not eligible for Trust funds
- Beneficiaries may use Trust funds for administrative costs, not to exceed 15% of allocation amount



Eligible Mitigation Projects

18

The Consent Decree sets the criteria for the use of the funding.

1. Class 8 local freight trucks and port drayage trucks
2. Class 4-8 school/shuttle/transit buses
3. Freight switcher locomotives
4. Ferries/tugboats
5. Ocean going vessels shorepower
6. Class 4-7 local trucks
7. Airport ground support equipment
8. Forklifts and cargo handling equipment at ports
9. Light duty ZEV supply equipment (up to 15% of allocation)
10. DERA Option
Option to use Trust Funds for actions not specifically listed but otherwise eligible under DERA.
Beneficiaries may use Trust Funds for their DERA non-federal voluntary match
Trust Funds cannot be used to meet DERA non-federal mandatory cost share requirements.
Applies to state and tribal DERA grants only



Class 4 - 14,001 to 16,000 lbs



Large Walk-in



Box Truck



City Delivery

Class 5 - 16,001 to 19,500 lbs



Bucket Truck



Large Walk-in



City Delivery

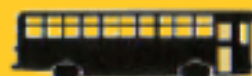
Class 6 - 19,501 to 26,000 lbs



Beverage Truck



Single-Axle



School Bus

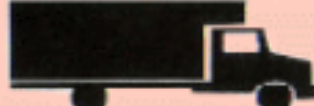


Rack Truck

Class 7 - 26,001 to 33,000 lbs



Refuse



Furniture



City Transit Bus



Truck Tractor

Class 8 - 33,001 lbs & Over



Cement Truck



Truck Tractor



Dump Truck



Sleeper

ZEV Investment \neq Mitigation Trust

20

ZEV

- ❑ VW controls how it spends money to satisfy CD requirements and restrictions
- ❑ No named beneficiaries
- ❑ Facilitate increased use of ZEV
- ❑ \$2 Billion
- ❑ Appendix C of 2.0 consent decree
- ❑ Electrify America

Mitigation Trust

- ❑ Beneficiaries control how funds are spent
- ❑ Mitigate NOx emissions
 - ❑ \$2.7 billion 2.0 consent decree
 - ❑ \$225 million 3.0 consent decree
- ❑ Appendix D of 2.0 consent decree and 3.0 Liter Mitigation Allocation Appendix



Zero Emission Vehicle (ZEV) Investment

21

- As part of the 2.0 liter partial settlement Volkswagen is required to invest \$2 billion in ZEV charging infrastructure and in the promotion of ZEVs.

<https://www.electrifyamerica.com>

- \$800 million in California
- \$1.2 billion throughout the rest of the nation, over the next decade.



Public Listening Sessions

22

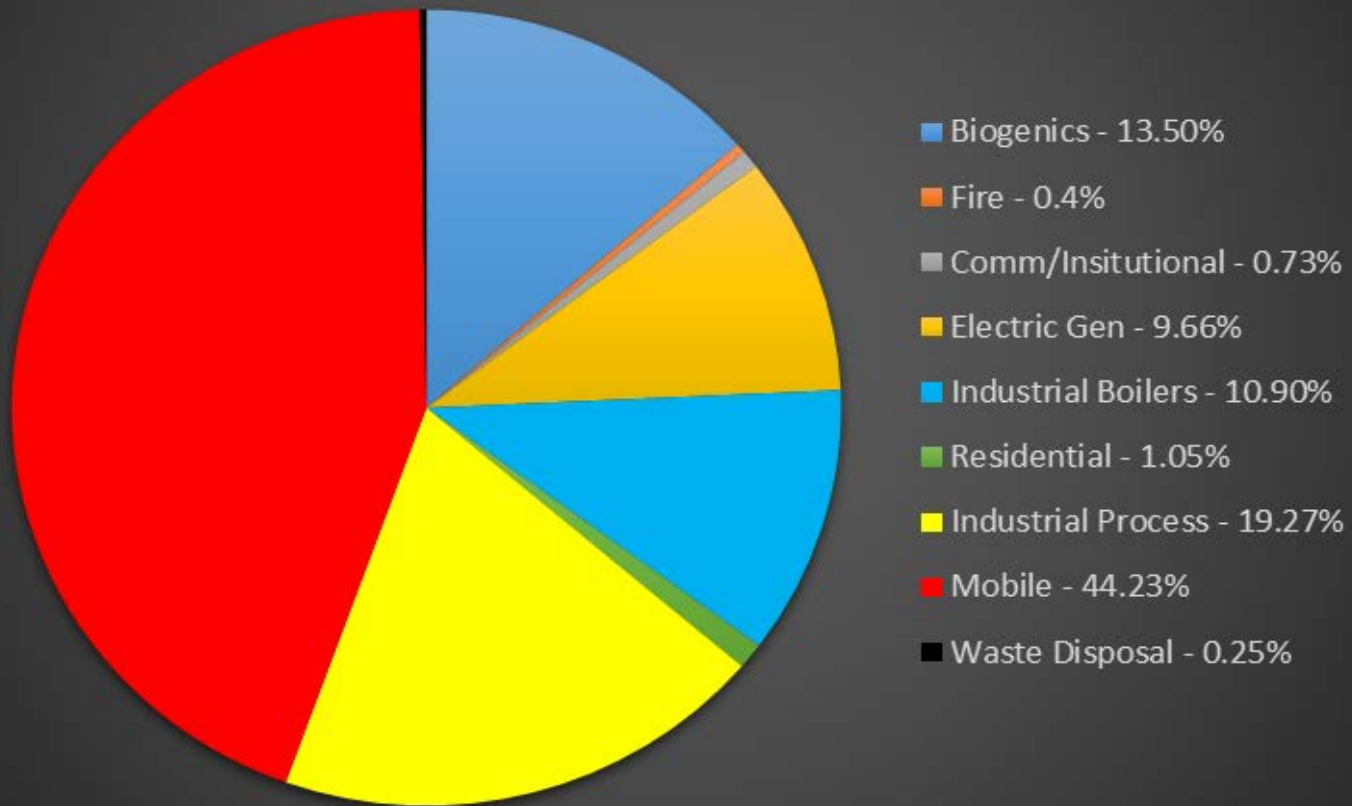
The NMED is hosting public listening sessions in locations throughout the state

- ▣ Santa Fe
- ▣ Albuquerque
- ▣ Gallup
- ▣ Farmington
- ▣ Las Cruces
- ▣ Roswell



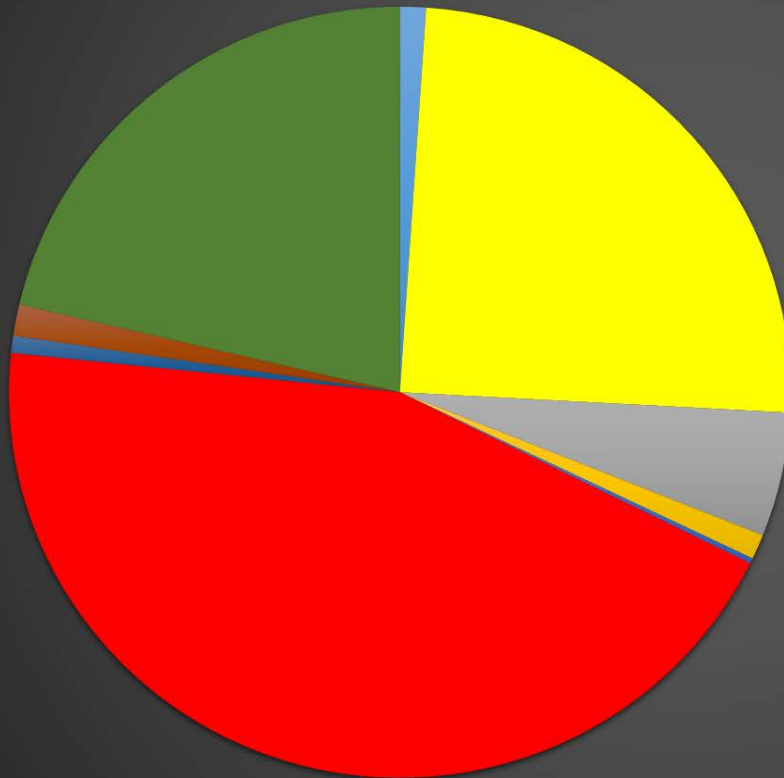
Statewide NOx Source Percent Contribution

EPA 2014 National Emission Inventory



Statewide Mobile Source NOx Percent Contribution

EPA 2014 National Emission Inventory



■ Aircraft - 1%

■ Locomotives - 25%

■ Non-Road Equipment - Diesel - 5%

■ Non-Road Equipment - Gasoline - 1%

■ Non-Road Equipment - Other - 0%

■ On-Road Diesel Heavy Duty Vehicles - 44%

■ On-Road Diesel Light Duty Vehicles 1%

■ On-Road non-Diesel Heavy Duty Vehicles - 1%

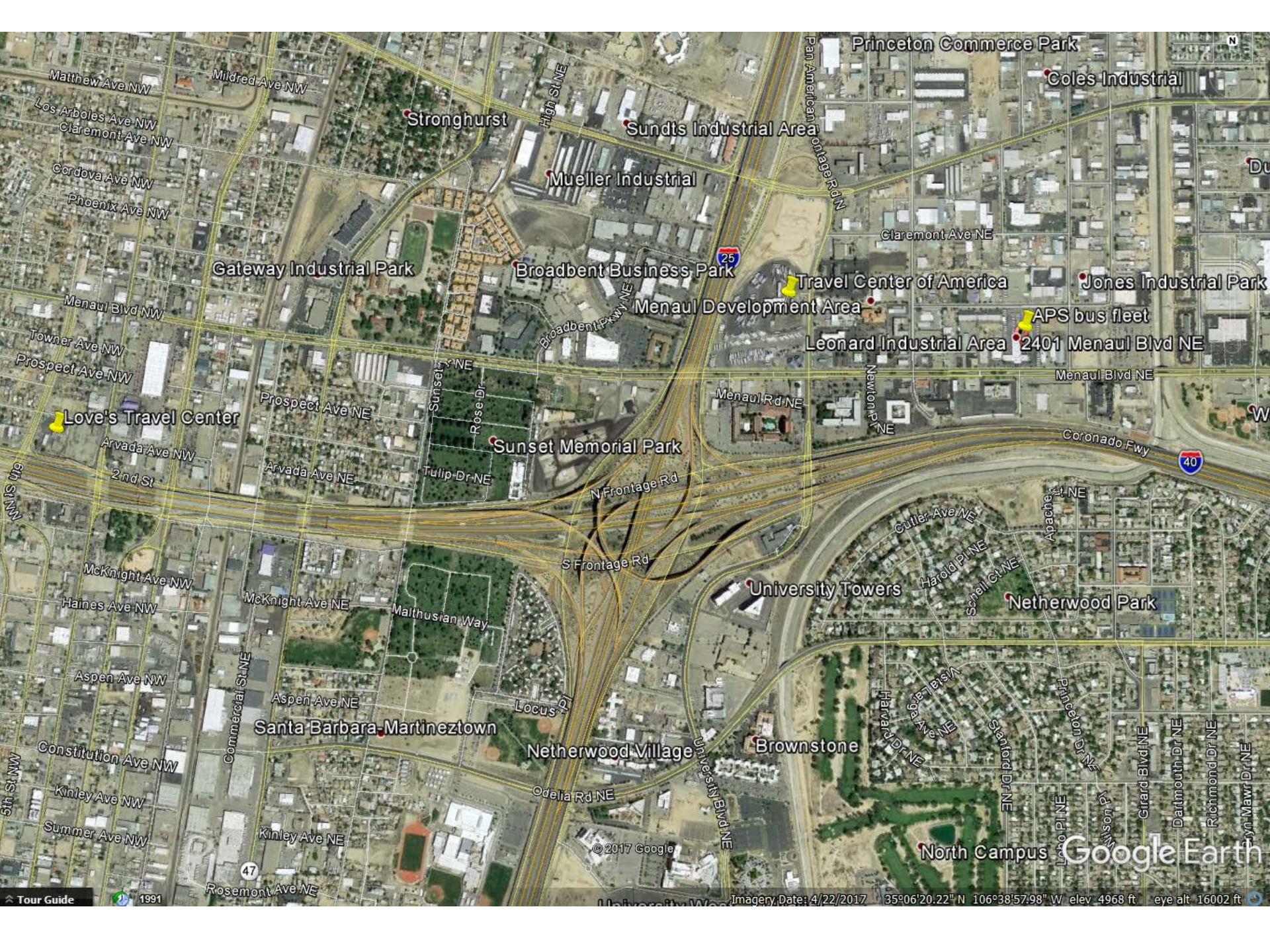
■ On-Road non-Diesel Light Duty Vehicles - 21%

Major Source Types of Mobile Diesel Sources

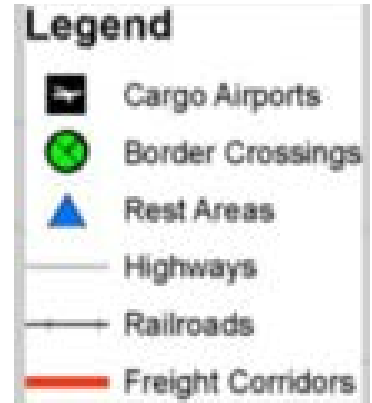
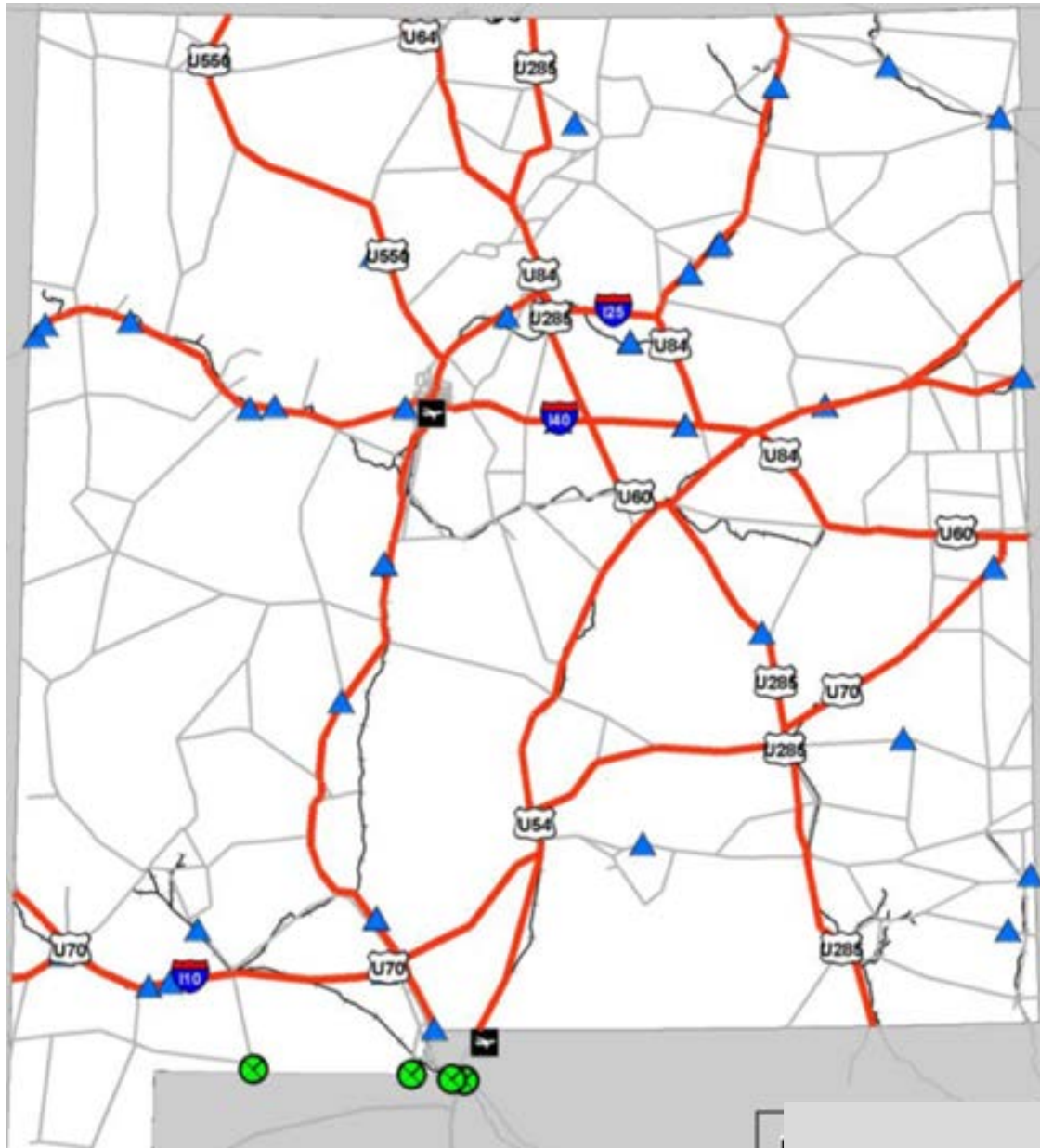
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- Fleets
 - ▣ School buses
 - ▣ Delivery services
 - ▣ City/county/state owned
- Truck stops
- Major Highways
- Rail



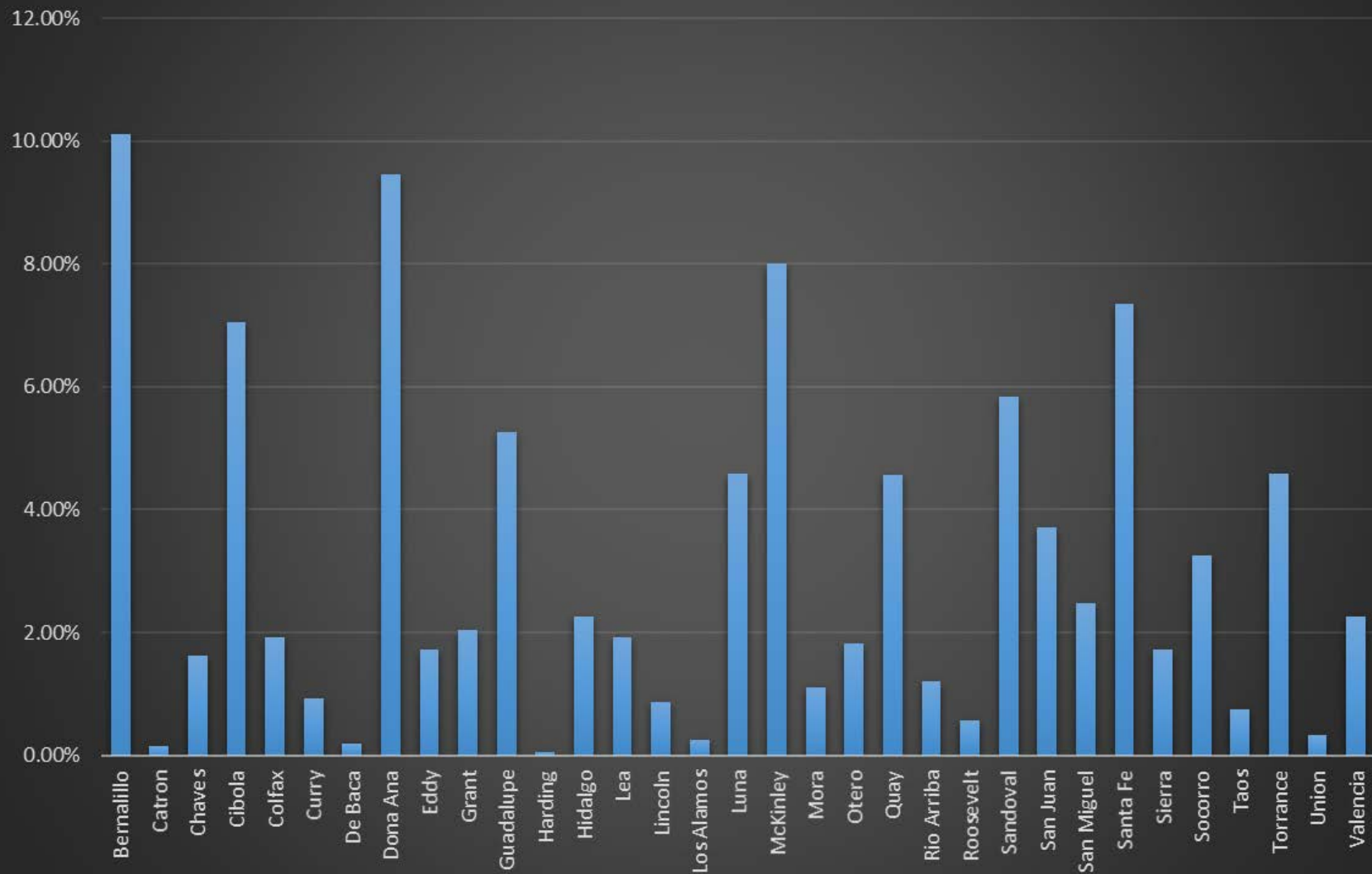


New Mexico Priority Freight Corridors

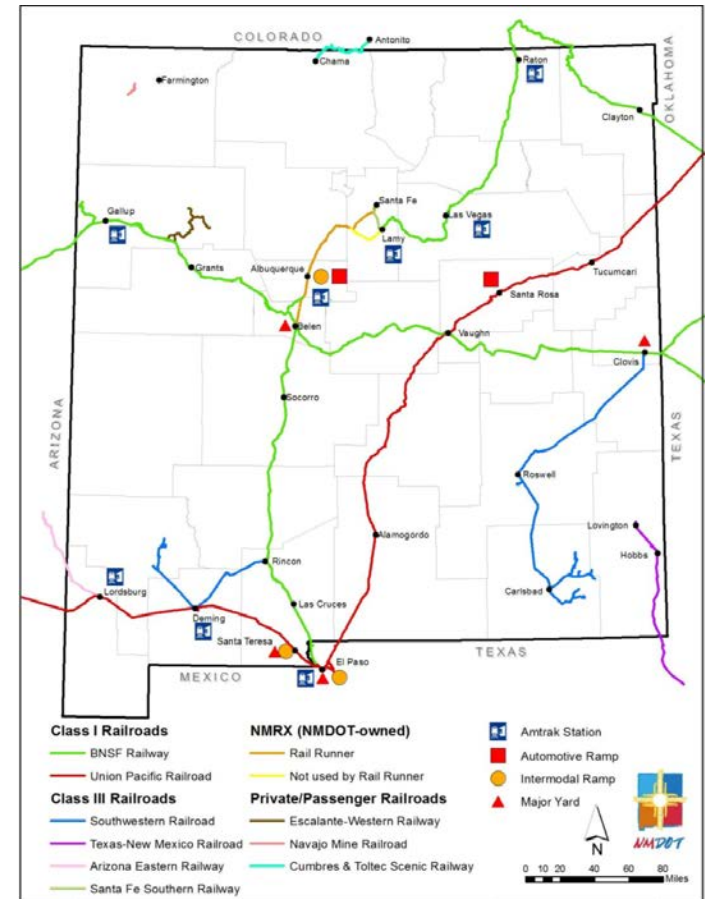
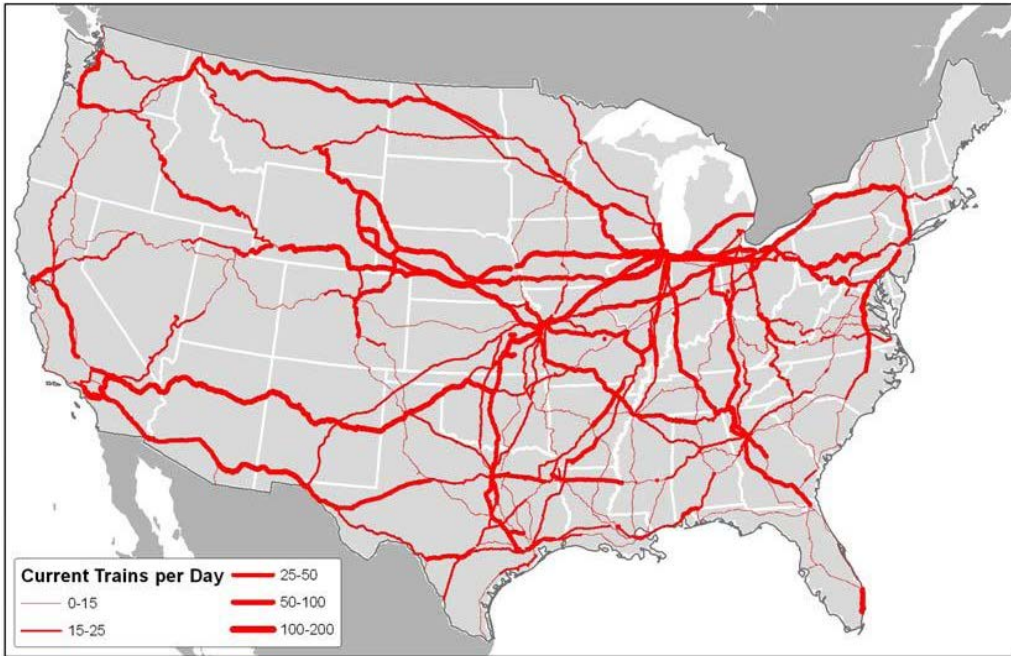


Heavy Duty Diesel Percent NOx Emissions Contribution County

EPA 2014 National Emissions Inventory



Rail Lines in New Mexico

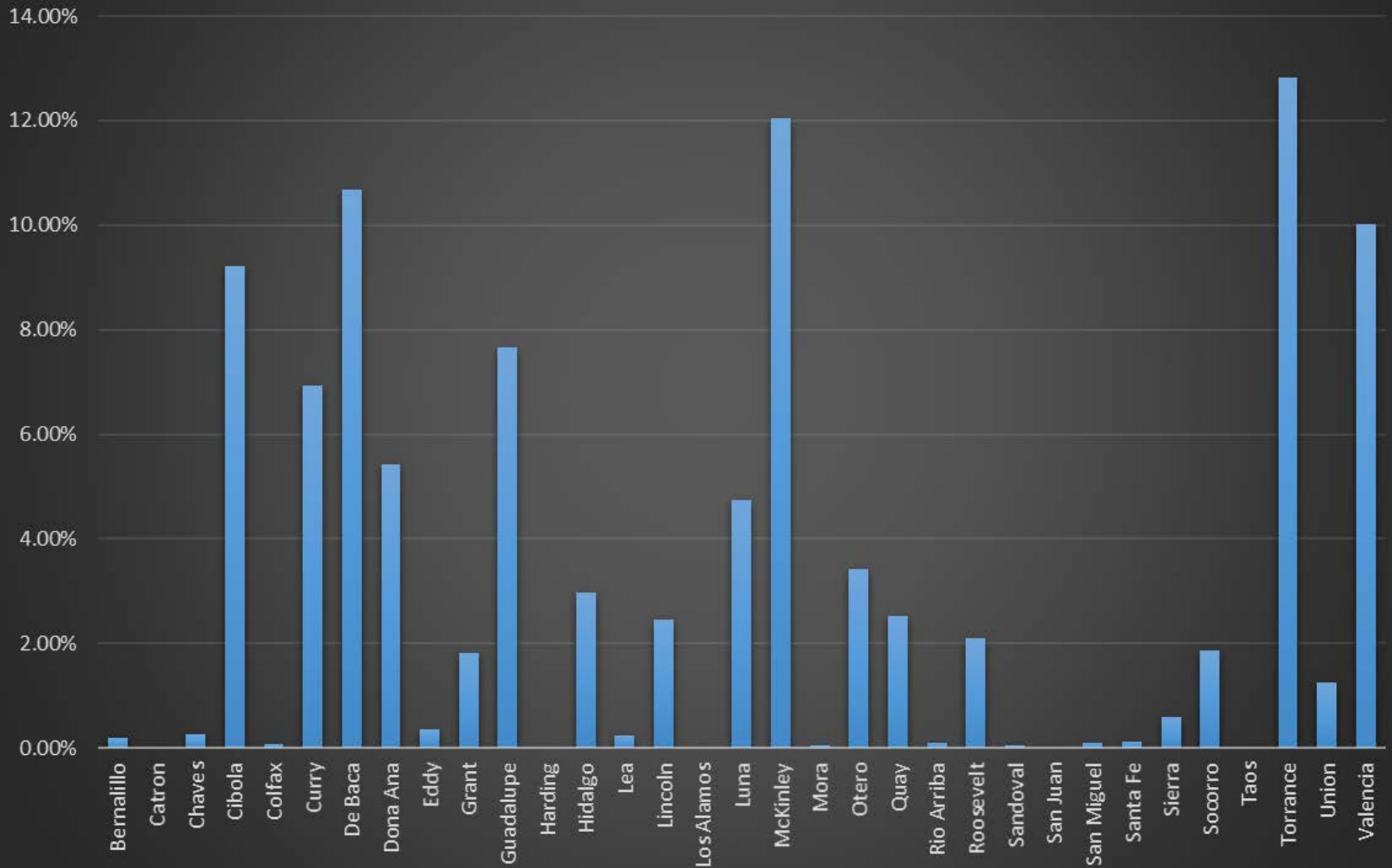


Source: Cambridge Systematics, Inc., from National Rail Freight Infrastructure and Capacity Study, Association of American Railroads, 2007



Rail Percent NOx Emissions Contribution County

EPA 2014 National Emissions Inventory



Technologies

31

- The State does not plan on restricting or favoring any one technology, but plans on leaving that up to the applicant(s) to determine what technology is the best fit for the proposed fleet.
 - ▣ Clean diesel
 - ▣ CNG/LNG
 - ▣ Propane
 - ▣ Electric vehicles
- Project selection will be through an application process with each project evaluated on its own merits



CNG Fueling Facilities NM

Write a description for your map.



EV in New Mexico

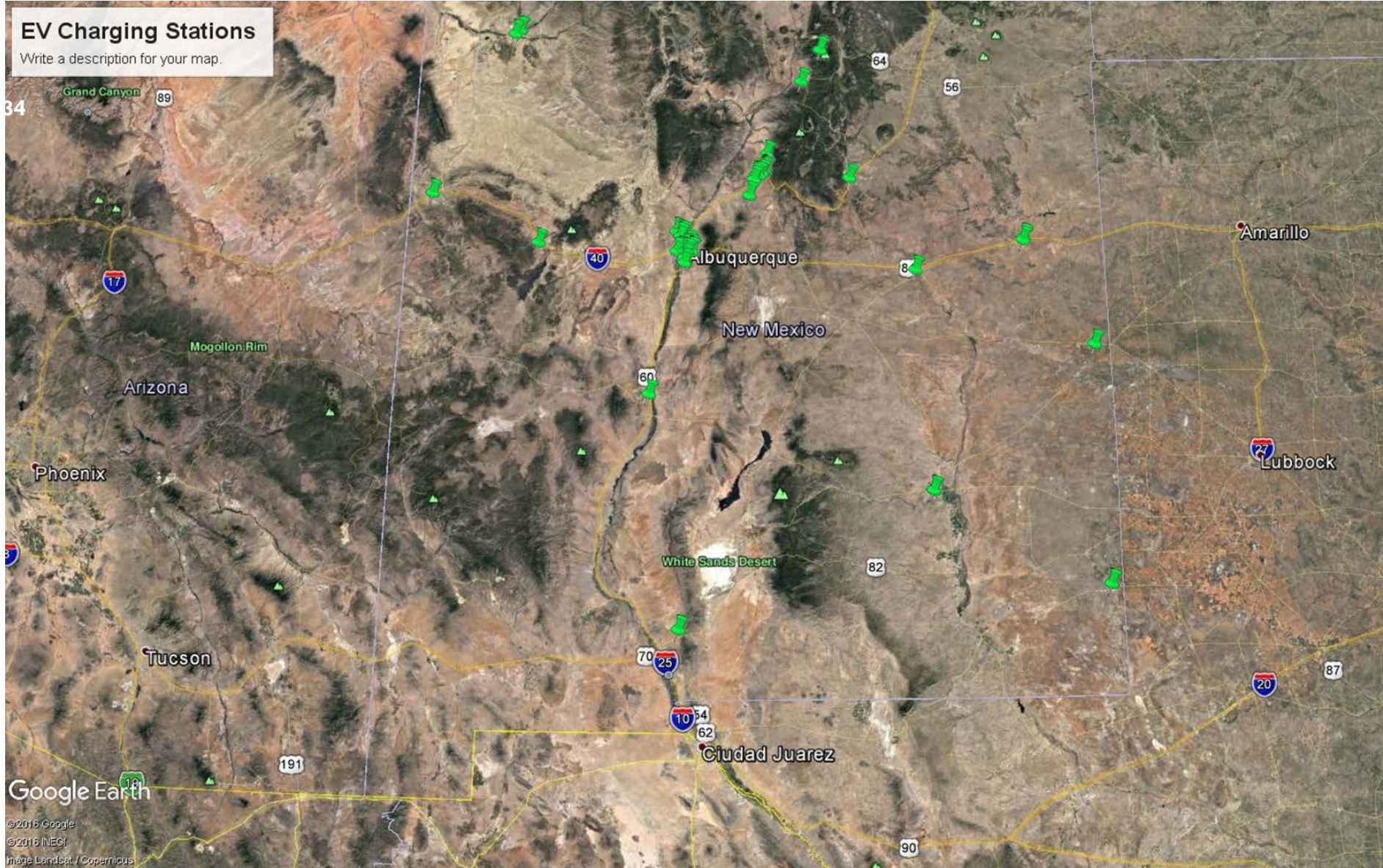
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- Electric vehicles are becoming more common
- Battery technology
- NMPED Transportation



EV Charging Stations

Write a description for your map.



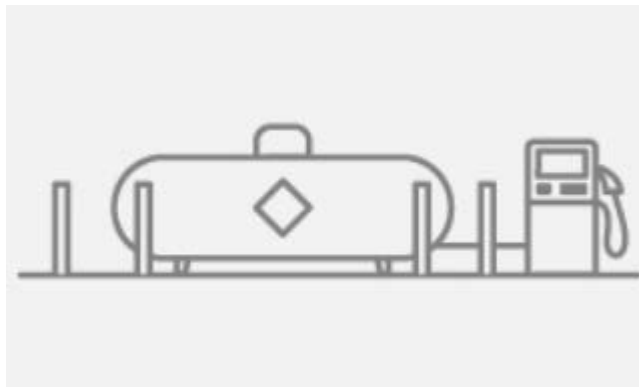
Google Earth

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Image Landsat / Copernicus

Propane Autogas

35

- **Scalable Infrastructure**
- Propane autogas infrastructure grows with your fleet.
- Refueling option based on the fleet size, routes, budget, and facility space



Contact Us

36

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Questions?

37

