



**Volkswagen Settlement Draft Phase 2 Mitigation Plan**  
**Steven Rice, NC DEQ, Division of Air Quality**  
**October 2021**



# VW Settlement Mitigation Plan for North Carolina

- **Purpose of today's presentation:**
  - **Provide an overview of the VW Settlement Program and ZEV infrastructure awards in Phase 1.**
  - **Provide an overview of the main ZEV infrastructure elements in DEQ's draft VW Phase 2 Mitigation Plan, which is available at <https://deq.nc.gov/vw-settlement>.**
  - **Provide a comparison of the two types of ZEV infrastructure subprograms.**
  - **Provide ways to get more information about Phase 2 of the VW Settlement Program**

# What did VW do?

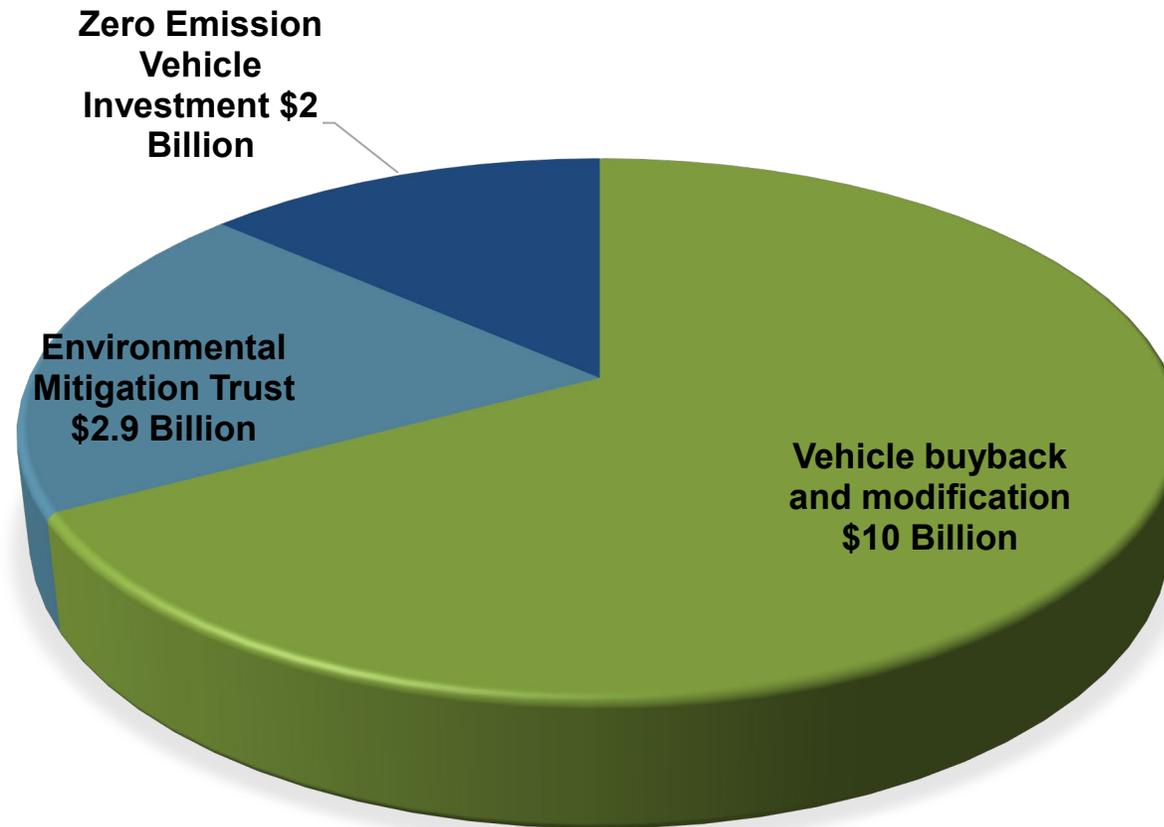
- **2015 – U.S. EPA cited Volkswagen Group of America, Inc. (VW) with Clean Air Act violations.**
  - **Manufactured and installed defeat devices**
  - **Approximately 580,000 vehicles impacted nationally**
- **2016 – Settlement agreements of \$14.7 billion nationally were lodged by U.S. Department of Justice (DOJ) and State Attorney Generals (including N.C. DOJ) with the court to resolve matters related to the violations.**

# Volkswagen Mitigation Settlement Summary

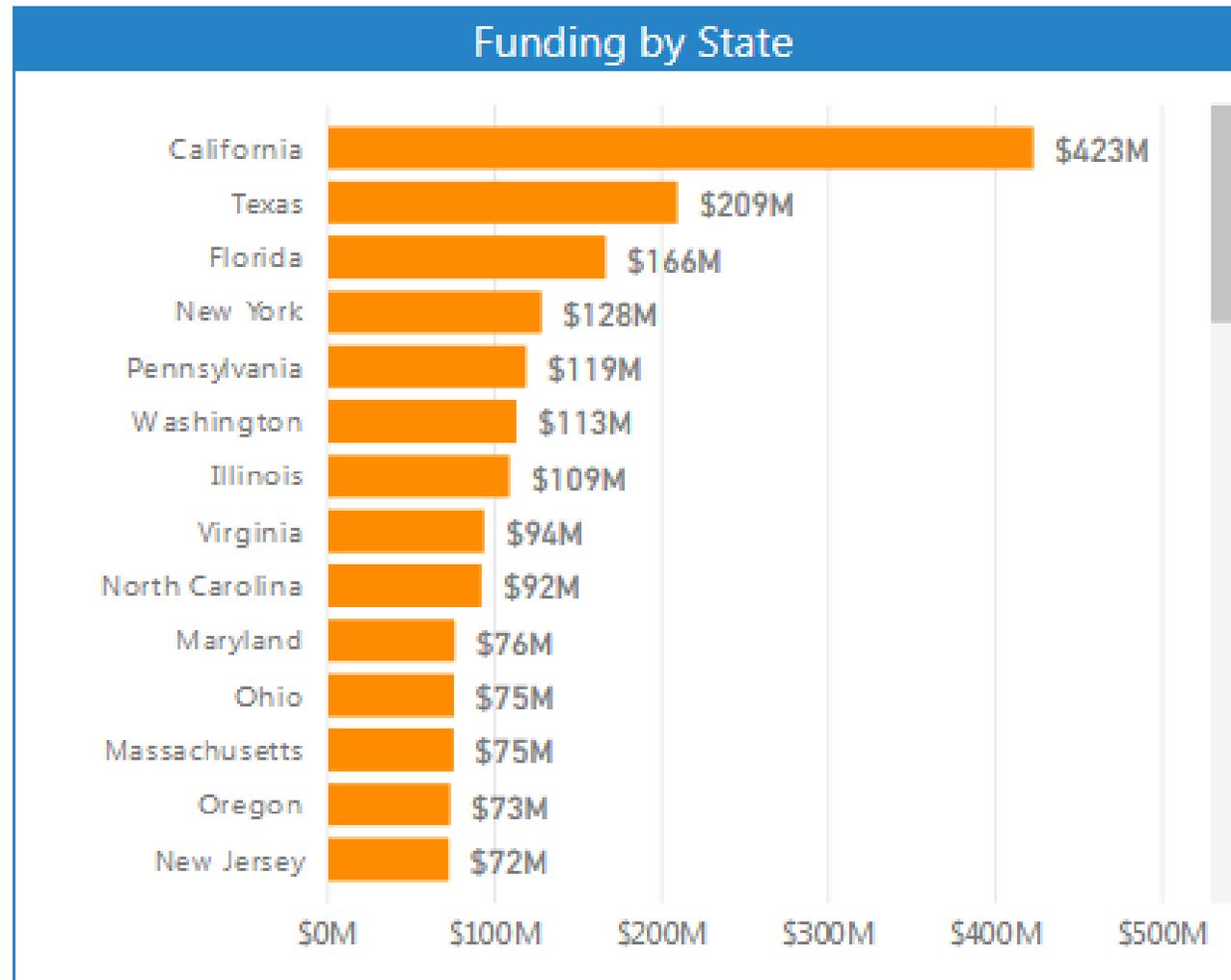
- **Three major components to the VW settlement:**
  - **Buyback or emissions modification on at least 85 percent of the subject vehicles (Appendices A & B)**
  - **Invest \$2 billion to promote the use of zero emission vehicles and infrastructure (Appendix C)**
  - **\$2.7 billion to fully remediate the excess NOx emissions from the subject 2.0-liter vehicles (Appendix D)**
    - **+\$225 million for 3.0-liter diesel engines**

# Volkswagen Settlement Summary

## National Breakdown



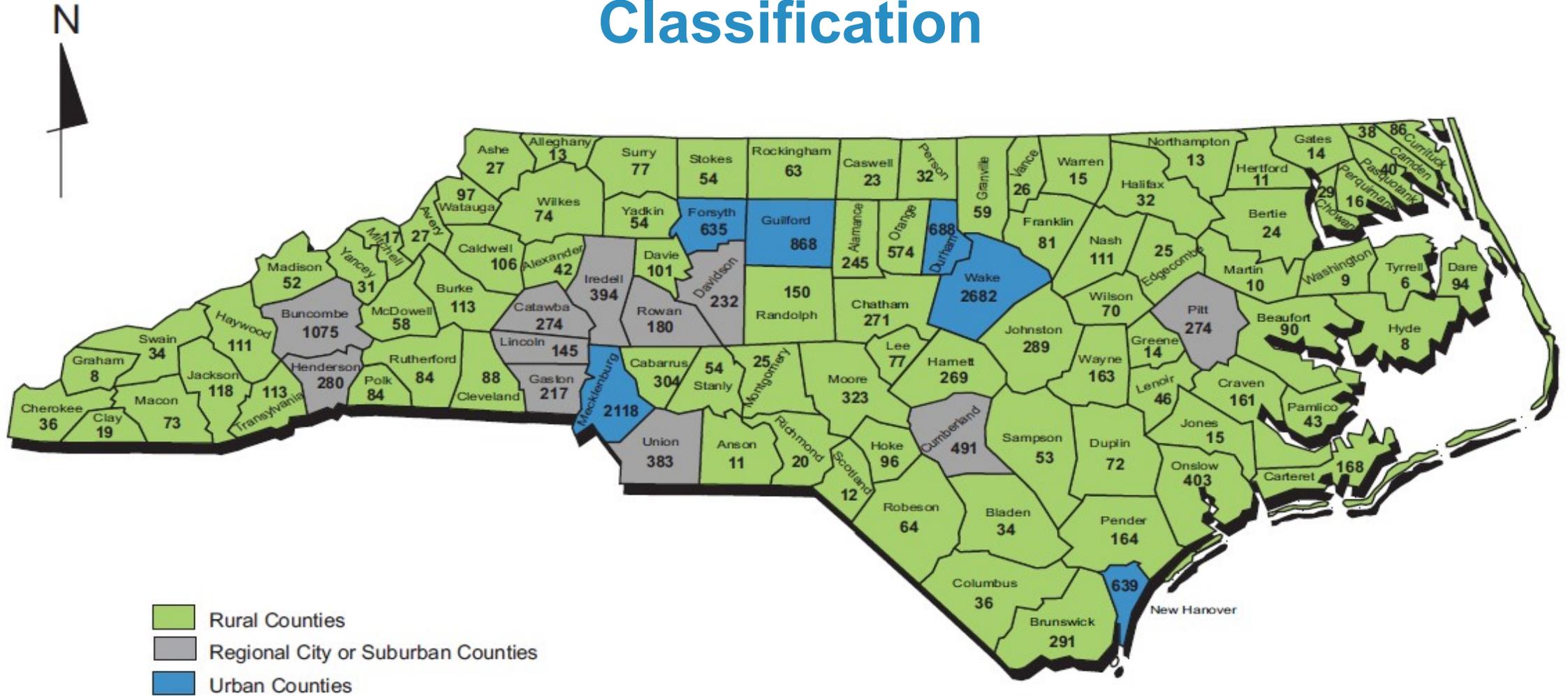
# Appendix D – Mitigation Trust



# Volkswagen Settlement Summary Appendix D – Mitigation Trust for NC

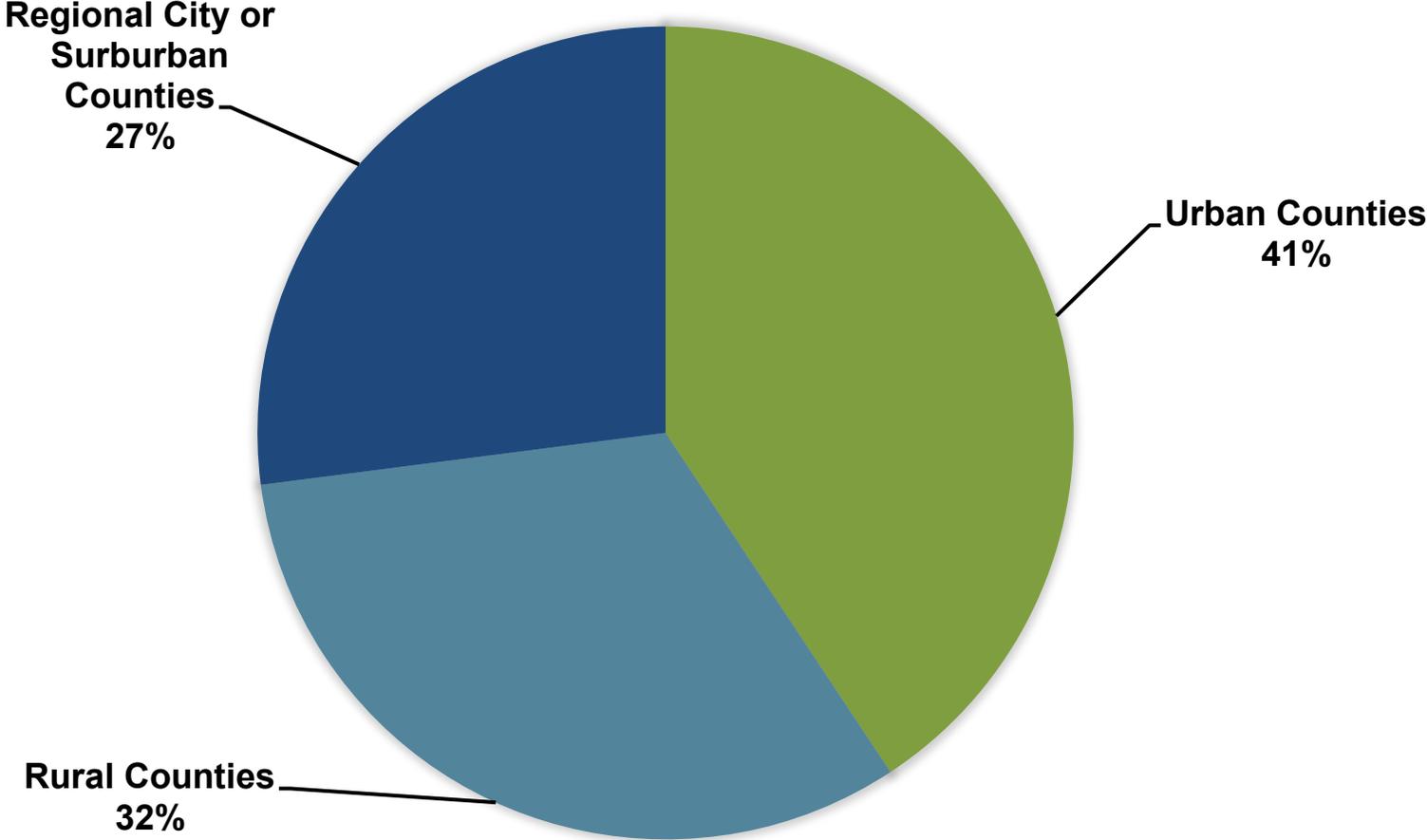
- The North Carolina allocation is set at **\$87,177,373.87** – 3.23% of the \$2.7 billion settlement. This is based on the number of registered subject vehicles in the state for the 2.0-liter subject vehicles.
- Additionally, North Carolina is eligible for **\$4,868,284.13** – 2.16% of the \$225 million settlement for the 3.0-liter subject vehicles.
- A total amount of **\$92,045,658.00** – 3.15% is allocated for North Carolina.

# All VW Subject Diesel Vehicles by County Classification



N.C. DEQ - DAQ  
Not To Scale  
June 09, 2021

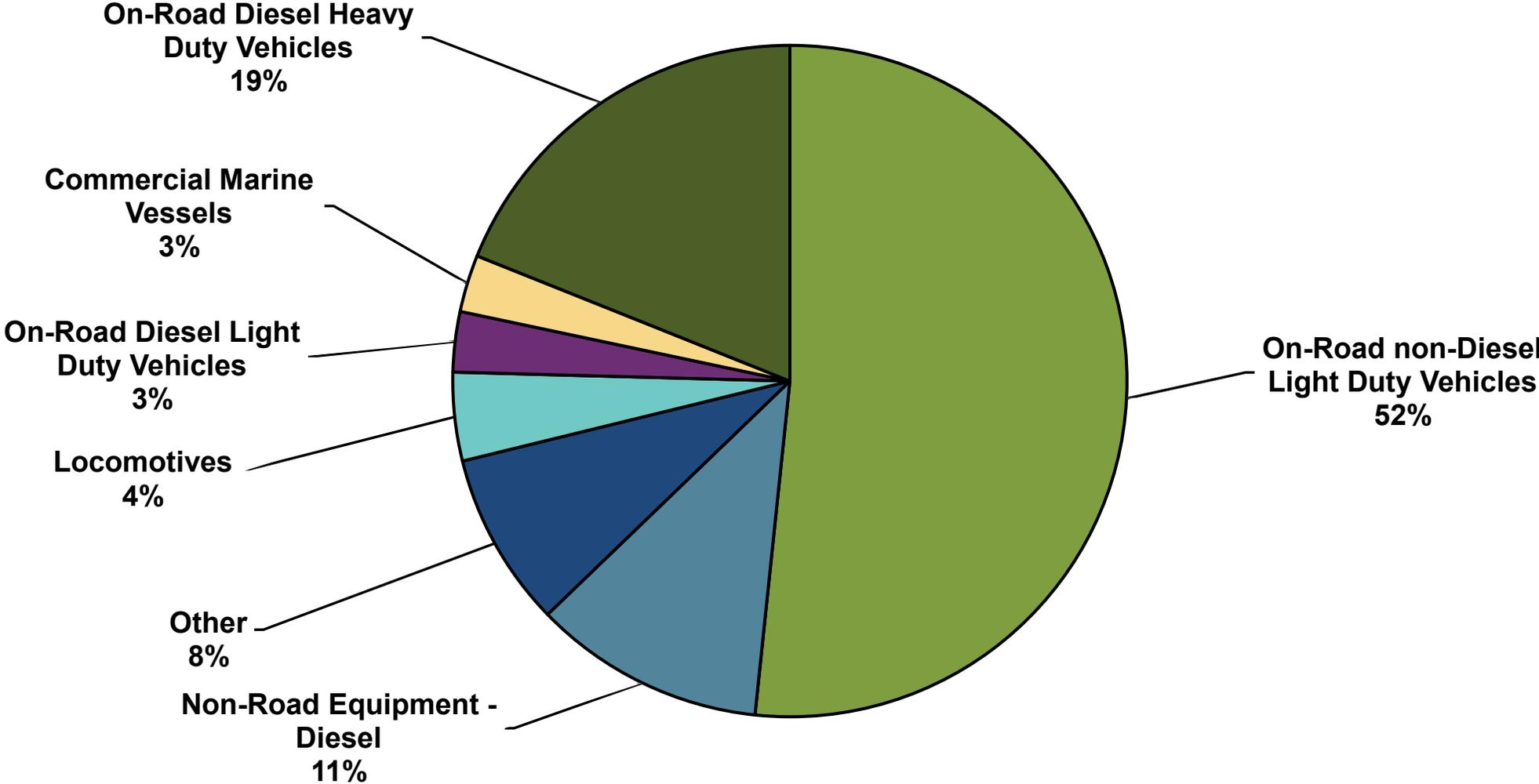
# Subject Vehicles by County Classification



## Appendix D – Settlement Parameters

- **Beneficiaries may spend funds from the environmental mitigation trust on projects that fall within ten eligible mitigation action categories.**
- **According to the final consent decree, “the goal of each Eligible Mitigation Action shall be to achieve reductions of NOx emissions in the United States.”**
- **VW Trustee must approve the mitigation plan and the project expenditures.**

# Mobile NOx Emissions

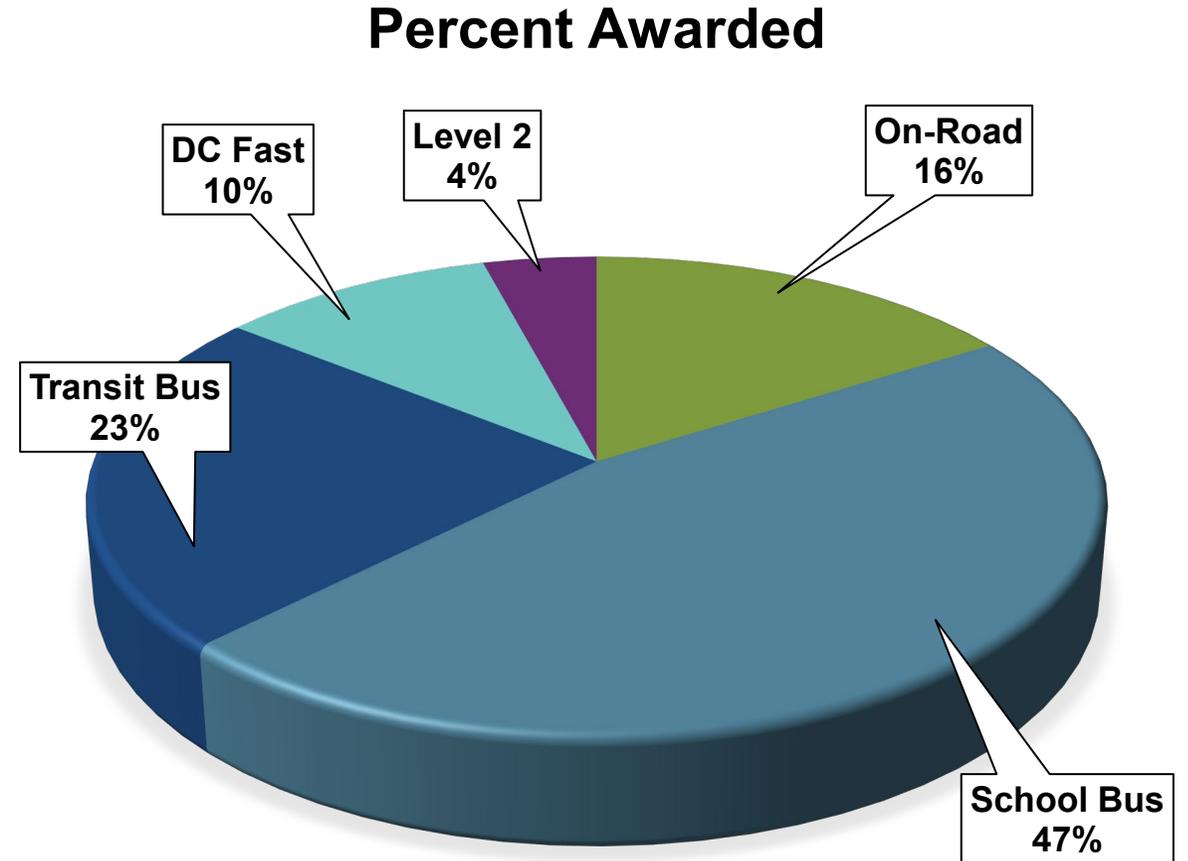


# Mobile Sector NOx Emissions by Source

| Mobile NOx Emissions Source                       | Eligible | Emissions (tons/year) | Percentage   |
|---|----------|-----------------------|--------------|
| Commercial Marine Vessels                         | Y        | 4,395                 | 2.8%         |
| Non-Road Equipment – Diesel                       | Y        | 17,476                | 11.1%        |
| On-Road Diesel Heavy Duty Vehicles                | Y        | 29,755                | 18.9%        |
| Locomotives                                       | Y        | 6,790                 | 4.3%         |
| On-Road Diesel Light Duty Vehicles                | N        | 4,489                 | 2.9%         |
| <b>Diesel Equipment and Vehicle Emissions</b>     |          | <b>62,905</b>         | <b>40.0%</b> |
| On-Road Non-Diesel Light Duty Vehicles            | N        | 81,276                | 51.6%        |
| On-Road Non-Diesel Heavy Duty Vehicles            | N        | 709                   | 0.5%         |
| Aircraft  | N        | 4,290                 | 2.7%         |
| Non-Road Equipment – Gasoline                     | N        | 6,446                 | 4.1%         |
| Non-Road Equipment – Other                        | N        | 1,803                 | 1.1%         |
| <b>Non-Diesel Equipment and Vehicle Emissions</b> |          | <b>94,524</b>         | <b>60.0%</b> |

# NC VW Phase 1 Awards

| Program                | Number of Vehicles/Stations Funded                      | Program Total Awarded |
|------------------------|---|-----------------------|
| School Bus             | 111   | \$12,289,900          |
| Transit Bus            | 16  | \$6,136,377           |
| On-Road                | 45  | \$4,240,409           |
| DC Fast Infrastructure | 27 sites  | \$2,682,360           |
| Level 2 Infrastructure | 78 sites  | \$1,098,534           |
| <b>Total</b>           | <b>172 vehicles, 27 DC Fast and 78 Level 2 stations</b> | <b>\$26,447,580</b>   |



# Draft VW Settlement Phase 2 Program Allocations

| NC Grant Programs<br>(2021-2024)         | Subprogram                                   | Eligible Action Category  | Eligible Fuels   | 2021-2024 Funding (Phase 2) |                         |
|--|--|---|--|-----------------------------|-------------------------|
|  |  |   |  | Targeted Percent*           | Targeted Funding Amount |
| Diesel Bus & Vehicle Replacement Program | School Bus Replacement Program               | School buses  | All (electric, diesel, propane, natural gas)<br><br><i>Priority will be given to electric replacements</i> | 40%                         | \$27,182,831            |
|  | Transit Bus Replacement Program              | Transit buses   |  | 20%                         | \$13,591,415            |
|  | Clean Heavy-Duty Equipment & Vehicle Program | Class 4-8 equipment and vehicles such as local freight trucks, ferries, forklifts, and switcher locomotives |  | 20%                         | \$12,911,845            |
|  |  | DERA Program  |  |                             | \$357,163               |
| ZEV infrastructure                       | DC Fast Program                              | Public Access   | Not Applicable   | 15%                         | \$7,135,493             |
|  | Level 2 Program                              | Public Access   |  |                             | \$1,070,324             |
|  |  | Workplace   |  |                             | \$489,291               |
|  |  | Multi-Unit Dwellings  |  |                             | \$489,291               |
|  |  | State Government  |  |                             | \$1,009,068             |
| Administrative Costs                     |  |   | 5%   | \$3,397,661                 |                         |
|  |  | <b>Total:</b>   |  |                             | <b>\$67,634,382</b>     |

# Main Mitigation Plan Goals

- **Maximize the air quality benefits in North Carolina.**
- **Consider where the subject VW vehicles were located.**
- **Improve on existing processes and programs to select projects.**
- **Consider environmental justice areas.**
- **Provide more outreach to counties that are under-resourced.**
- **Award funds through a transparent public process.**
- **Devote 15% of trust funds to light duty zero emission vehicle (ZEV) supply equipment.**

# Draft Phase 2 Mitigation Plan

- **Phase 2 Priorities:**
  - **Heavy-duty vehicle electrification**
  - **Continue to invest in full 15% for EV charging infrastructure**
  - **Provide outreach to Historically Under-Resourced Counties**
  - **Continue to fund projects in rural counties**
  - **Continue to focus on public sector, where needs are far greater than the resources available**

## Current Program Status

- **Program managers currently completing site visits for completed projects (DC Fast and Level 2) and approving claim reimbursement requests.**
- **The Team is currently reviewing the Phase 2 public comments and finalizing the Phase 2 Mitigation Plan.**
- **Timelines for Phase 2 will not be available until Phase 2 is funding is appropriated.**

# Eligible Phase 2 Applicants

**Eligible projects include:**

- **Projects submitted by local, state, and tribal government organizations**
- **Projects submitted by public or private nonprofit organizations**
- **Projects submitted by public-private partnerships where the lead applicant represents a public sector or public/private nonprofit entity**
- **Both public and private applicants will be eligible for the light-duty ZEV infrastructure programs**

# Eligible Mitigation Projects

## Light duty zero emission vehicle supply equipment

**Beneficiaries may use up to 15 percent of their allocation of trust funds for the acquisition, installation, operation and maintenance of new light duty zero emission vehicle (ZEV) supply equipment.**



# Funding Process

**The DEQ may establish more than one process to fund projects.  
Funding processes may include:**

- **Reimbursement**
- **Forward funded projects**
- **Rebates or Vouchers**

# Environmental Justice

**Environmental justice is the fair treatment and meaningful involvement of all people regardless of race, color, national origin, or income, with respect to the development, implementation, and enforcement of environmental laws, regulations and policies.**

**North Carolina has this goal for all communities and persons across the state. It will be achieved when everyone enjoys:**

- **The same degree of protection from environmental and health hazards, and**
- **Equal access to the decision-making process to have a healthy environment in which to live, learn and work.**

# Historically Under-Resourced County Outreach Program

**DEQ is developing an outreach program to help counties that historically do not have the resources to effectively identify eligible vehicles for grant programs and submit quality applications.**

**The team is currently preparing materials for outreach program meetings to be tentatively scheduled in late October - November 2021.**

# Draft Historically Under - Resourced County Outreach Program Map



# Proposed Project Selection Criteria

**The DEQ will consider factors such as, but not limited to:**

- **Cost Effectiveness** (VW \$ funded per NO<sub>x</sub> tons reduced)
- **NO<sub>x</sub> Emissions Reductions**
- **Environmental Justice**
- **Location of project**
- **Co-Benefits** (SO<sub>x</sub>, PM<sub>2.5</sub>, VOC, GHG and CO)
- **Sustainability of the Project**
- **Timeliness**
- **Useful life of vehicle replaced**

# Comment Submission / More Information

A recording of the Triangle Mitigation Plan Informational meeting is available on our [webpage](#) along with informational meeting questions and answers.

For additional information regarding the VW Settlement, please visit our webpage.

<https://deq.nc.gov/VWsettlement>

or

[ncair.org](http://ncair.org) ...and click on “Volkswagen Settlement”

# Next Steps

- **Final Plan submission to trustee (Fall 2021)**
- **Release first two Phase 2 request for proposals (Winter 2021) – Program RFPs will have a staggered release**
- **Proposal evaluations (Winter/Spring 2021-2022)**
- **Phase 2 project awards (Spring 2022)**
- **A final timeline will not be available until Phase 2 VW funds are appropriated.**

## General VW Contacts

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**Thank you!**

## **The NC VW Team**

<https://deq.nc.gov/VWsettlement>

**or**

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# Questions

