

**STATE OF NORTH CAROLINA
DEPARTMENT OF ENVIRONMENTAL QUALITY
217 WEST JONES STREET, RALEIGH, NC 27603
P. O. BOX 1641, RALEIGH, NC 27699-1641**

REQUEST FOR INFORMATION (RFI)

**VOLKSWAGEN CONSENT DECREE
ENVIRONMENTAL MITIGATION TRUST PROJECT IDEAS**

November 21, 2017

Note: This RFI is not a solicitation for projects. Submitting a response to this RFI is voluntary and is not a prerequisite to participating in projects for Volkswagen (VW) environmental mitigation trust funds.

1. INTRODUCTION

RFI Objective:

The State of North Carolina expects to receive \$92,045,658 from the Volkswagen Mitigation Trust between 2018 and 2028. These funds represent a significant opportunity to mitigate the environmental harm caused by the offending VW vehicles and to reduce air pollution in North Carolina. The North Carolina Department of Environmental Quality (DEQ) will administer these funds through a state mitigation plan. The objective of this RFI is to gather information to help DEQ determine the best use of the funds for North Carolina.

DEQ is seeking input from governmental and non-governmental entities on the type and scope of projects that can achieve these goals and measure results.

Background:

In 2016, a court approved a partial settlement and consent decree resolving allegations that VW violated the Clean Air Act (CAA) by selling diesel motor vehicles equipped with devices designed to cheat on federal emissions tests. Related consent decrees for VW can be found at: <https://www.epa.gov/enforcement/third-partial-and-30l-secondpartial-and-20l-partial-and-amended-consent-decree>.

The State Mitigation Trust and the Indian Tribe Mitigation Trust were both approved by Court Order which established October 2, 2017 as the Effective Date for each Trust States have until December 1, 2017 to file paperwork with Wilmington Trust to become a beneficiary of trust.

These settlement agreements require VW to establish and fund an environmental mitigation trust to fund projects expected to fully mitigate the lifetime excess nitrogen oxide (NO_x) pollution emitted by VW vehicles that violated the CAA.

DEQ is developing a proposed draft mitigation plan, which specifically describes:

- Funding priorities to guide the planning, solicitation, and project selection processes;
- Categories of eligible mitigation projects to achieve; the goals and how much funding should be allocated to each type;
- The potential benefit of these projects on air quality in areas that bear a disproportionate share of the air pollution burden within its jurisdictions;
- Anticipated ranges of emission benefits that would be realized by implementation of the eligible mitigation projects identified in the mitigation plan; and
- Explanation of processes used to obtain public input on the mitigation plan.

State mitigation plans must be approved by the Trustee for the VW State Mitigation Trust. DEQ expects that funding for eligible VW mitigation projects may be available in late 2018.

2. INFORMATION REQUESTED

DEQ invites interested entities to provide information on eligible mitigation projects, suggestions on funding and project selection priorities, and methods DEQ could employ to increase participation in future solicitations for air quality mitigation projects. For more information about eligible project types, please see the Environmental Protection Agency information: <https://www.epa.gov/sites/production/files/2016-10/documents/amended201partialcd.pdf>; Appendix D-2 (p. 209-220).

Note: DEQ is also seeking project ideas for the VW settlement Diesel Emissions Reduction Action (DERA) Option through this RFI. Information on the DERA Option can be found here: <https://www.epa.gov/cleandiesel/vw-settlement-dera-option-supportingdocuments>.

Interested stakeholders are requested to respond with information on the areas identified below.

Section 1 - Project Applicant Information

- Company/Agency/Organization Name
- Contact Person Name
- Government/Non-Government
- Mailing Address
- Phone Number
- Email Address

Section 2 – VW Program and Solicitation Design Questions

Respondents should consider providing information in response to the following questions:

1. How should DEQ prioritize projects?
2. What is the anticipated demand for each eligible project type?
3. The percentage of trust funds, if any, that DEQ should devote to Light Duty Zero Emission Vehicle Supply Equipment?
4. What is the anticipated demand for specific types of diesel emission reduction projects not eligible under the VW settlement but otherwise eligible under DERA or other state programs?
5. Should a certain percentage of available VW funds be allocated to each eligible project type and if so how should the percentage be determined?
6. Should a certain percentage of available Mitigation Trust funds be reserved for government projects?

7. Should funds be geographically distributed, and if so how?
8. Should governmental entities be required to provide matching funds and if so, how much?
9. Should DEQ establish a minimum project size and if so, what size?
10. In addition to evaluating a proposed project's total cost effectiveness (\$/ton), what other key factors should DEQ consider when evaluating projects?
11. What other feedback do you have on project evaluation and/or scoring criteria?
12. What publicly available tool(s) should be used to quantify anticipated emission reductions/offsets for eligible mitigation projects? What, if any, additional resources should be provided and made available?
13. What methods could DEQ employ to reduce barriers and increase participation in future solicitations for projects?
14. What information/resources would be most valuable for stakeholders interested in submitting projects and what is the best way to communicate those?

Section 3 – Submitting Your Project Information

Identify Applicable Eligible Mitigation Project Category:

1. Class 8 Local Freight Trucks and Port Drayage Trucks with 1992-2009 model year engines and a Gross Vehicle Weight Rating (GVWR) greater than 33,000 pounds (lbs.)
2. Class 4-8 School, Shuttle, or Transit Buses with model year 2009 or older engines and a GVWR greater than 14,001 lbs. and used for transporting people.
3. Class 4-7 Local Freight Trucks with 1992-2009 model year engines and a GVWR between 14,001 and 33,000 lbs.
4. Freight Switchers with pre-tier 4 engines and operating more than 1,000 hours per year.
5. Ferries/Tugs with unregulated Tier 1 - Tier 2 marine engines.
6. Ocean-Going Vessels Shorepower.
7. Airport Ground-Support Equipment with Tier 0 - Tier 2 diesel engines, and uncertified or certified to 3 grams per brake horsepower-hour spark ignition engines.
8. Forklifts with greater than 8,000 lbs. lift capacity and/or Port Cargo Handling Equipment.
9. Light Duty (LD) zero emission vehicle (ZEV) Supply Equipment (Level 1, Level 2, or fast charging equipment) and hydrogen fuel dispensing equipment.

Project Summary:

Briefly describe the proposed project, including:

- Geographic area where vehicles/vessels/engines are operated (e.g., city/cities, county/counties, and/or neighborhoods);
- Fleet type (e.g., ports, airports, marine, school buses);
- Mitigation action (e.g., engine repower, vehicle replacement, deployment of LD ZEV supply equipment/Shorepower systems);
- Number of engines/vehicles/vessels/equipment targeted for emission reductions;
- Emission reduction/offset technology to be used;

- Estimated cost of project; and
- A description of the expected overall benefits of the proposed mitigation activity, including a description of how the proposed project mitigates the impacts of nitrogen oxides (NO_x) emissions.

Project Detail:

- Provide information on specific engines/vehicles/vessels/equipment targeted for emission reductions, including (where applicable):
 - Number of vehicles,
 - class or equipment type,
 - engine make, engine model, engine model year, current tier level or emission standards,
 - fuel type, amount of fuel used, annual miles travelled or annual usage rate, annual idling hours.
- Provide information on the new eligible verified and/or certified diesel emission reduction technology(s) to be implemented under the proposed project, including (where applicable):
 - technology type, make, and model,
 - engine model year, horsepower, tier level or emission standards,
 - fuel type and annual idling hours reduced.
- Provide information on LD ZEV supply equipment (electric or hydrogen), including (where applicable):
 - number,
 - equipment type (Level 1/2/fast chargers or hydrogen dispensing), and
 - location (public place, workplace, or multi-unit dwelling).
- How should determination be made on whether a proposed project will benefit areas that have been disproportionately impacted by emissions of nitrogen oxides (NO_x) or other pollutants?
 - Whether a project applicant is low income, minority, or disadvantaged or operates vehicles in these communities.
 - Benefits to areas that have been disproportionately impacted by NO_x and other pollutants.

Capital and Project Costs:

- Calculate and provide projected capital cost (\$/unit) and total project cost. Note calculations for proposed LD ZEV projects should include operation and maintenances cost, and calculations for eligible all-electric mitigation actions should include charging infrastructure cost (where applicable); and
- Identify projected cost share and, if applicable, what additional sources of funds may be utilized as matching funds.

Expected Proposed Project Benefits:

- Calculate and provide the expected annual and lifetime project emissions reductions/offsets for NO_x.
- Calculate and provide capital cost effectiveness (\$/short ton of NO_x reduced for each unit) and total cost effectiveness (\$/short ton of NO_x reduced for the entire project).

Software tools available to calculate projected emissions reductions and capital and total cost effectiveness of proposed mitigation projects:

- Environmental Protection Agency's (EPA) Diesel Emissions Quantifier Tool: <https://www.epa.gov/cleandiesel/diesel-emissions-quantifier-deq>
- Argonne National Laboratory Alternative Fuel Life-Cycle Environmental and Economic Transportation (AFLEET) Tool (2016 rev1): <https://greet.es.anl.gov/afleet>
- Greenhouse gases, Regulated Emissions, and Energy use in Transportation Model (GREET 2012): https://greet.es.anl.gov/carbon_footprint_calculator

Identify the method(s) used to calculate the emissions reductions/offsets and cost, and describe and document your methods.

3. ADDITIONAL INFORMATION

Confidentiality of Information:

DEQ recommends not including any confidential business information (CBI) in your responses. However, if CBI is included, understand that ownership of all data, materials, and documentation submitted will be subject to public inspection in accordance with the North Carolina Public Records Law (N.C. G.S § 132.6).

RFI Questions:

All questions concerning this RFI should be directed to Phyllis Jones or Brian Phillips via e-mail, daq.NC_VWGrants@ncdenr.gov. **The subject line of your e-mail should read: "Questions on NC VW RFI".**

RFI Responses:

DEQ appreciates your participation and responses to this RFI. Please strive to limit responses to no more than 15 pages in length.

Submit your response via email as a Word or PDF attachment to daq.NC_VWGrants@ncdenr.gov or via mail to the following address:

**NC VW Settlement RFI
Division of Air Quality – Mobile Sources
217 WEST JONES STREET
1641 MAIL SERVICE CENTER
RALEIGH NC 27699-1641.**

It is recommended that email attachments with file sizes exceeding 10MB be compressed (i.e., zipped) to ensure message delivery. The subject line of the e-mail containing your response to this RFI should read: "**Response to NC VW RFI**".

Responses must be received or postmarked by **December 31, 2017**.

Public Posting of RFI:

This RFI will be posted on the following location:

- North Carolina Department of Environmental Quality website (Website URL)