

Volkswagen Settlement Funding Update

LONA BREWER

OFFICE OF ENERGY POLICY

KENTUCKY ENERGY AND ENVIRONMENT CABINET



Agenda

Current Activities and Status of Funding

Other Initiatives

Next Steps



Settlement Agreement

From the National Trustee (Wilmington Trust),

“This is not a grant program but a Trust Agreement.”

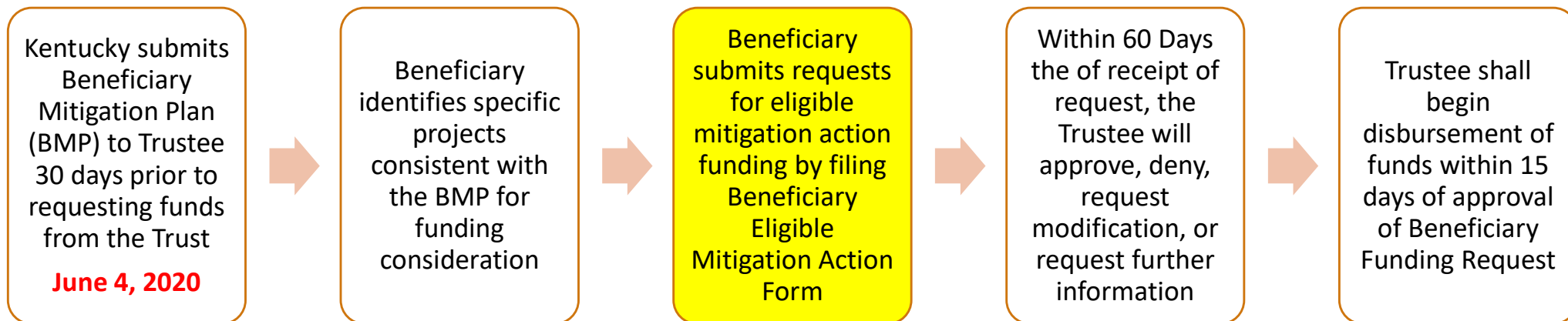


Kentucky's Beneficiary Mitigation Plan (HB352)

Categories of Eligible Mitigation Actions	% of Funds Allocated	\$\$ Amount
Administrative Expenses	1.4%	\$278,500
Eligible Large Trucks	0%	
Buses		
Eligible Transit Buses (government entities only)	41.8%	\$8,521,700
Eligible school buses	41.8%	\$8,521,700
Freight Switchers	0%	
Ferries/Tugs	0%	
Ocean Going Vessel Shorepower	0%	
Eligible Medium Trucks	0%	
Airport Ground Support Equipment	0	
Forklifts & Port Cargo Handling Equipment	0%	
Light Duty Zero Emission Vehicle Supply Equipment (Government & Non-government)	Up to 15%	\$3,056,700
Diesel Emission Reduction Act (DERA) Option	0%	
Total	100%	\$20,378,600



Process for Accessing Kentucky's VW Trust Allocation



The Trustee may only disburse funds for Eligible Mitigation Actions, and for the Eligible Mitigation Action Administrative Expenditures specified in Appendix D-2 and in a Beneficiary's Mitigation Plan.

10 Years (2027) to expend the funds



2020 Legislative Session: HB 352

TRANSIT FUNDING

\$8,521,700 shall be transferred to the Office of Transportation Delivery to replace public transit buses meeting the necessary criteria. Priority shall be given to maximizing Federal Transit Grants



2020 Legislative Session: HB 352

SCHOOL BUS FUNDING

\$8,521,700 shall be used to reimburse local school districts **for 50 percent** of the purchase cost to **replace up to five school buses** per district **currently in daily use** meeting the necessary criteria with a **chassis year of 2001 or earlier.**

If these funds are insufficient to cover 50 percent of the purchase costs of districts that have requested 5 reimbursement by June 1, 2021, the reimbursement shall be pro rata reduced.



2020 Legislative Session: HB 352

LIGHT DUTY ZERO EMISSION VEHICLE SUPPLY EQUIPMENT FUNDING

\$3,056,700 shall be used for the purchase of light-duty, zero-emission vehicle supply equipment meeting the necessary criteria. Recipients shall provide at least **50 percent of matching funds per project**;

EEC Note: Legal interpretation of “matching funds” allows for in-kind contributions



Current Actions by EEC: Awarded Projects

Kentucky VW Mitigation Funded Transit Bus Project Awards

Transit Agency

Transit Authority of River City
Transit Authority of Northern Kentucky
Lex Tran (Lexington/Fayette County)
Owensboro Transit System
Total

Funding

\$ 4,768,281.00
\$ 2,104,672.00
\$ 1,492,344.00
\$ 156,403.00
\$ 8,521,700.00

School Bus Project Awards

Application webinar conducted Sept 9, 2020.

School Bus Project Application were due
October 9, 2020.

93 school systems submitted applications and
were funded, totally \$8,128,827 in potential
reimbursement.

\$392,873 remains from the amount authorized
by the Legislature.

<https://eec.ky.gov/Energy/Programs/Pages/Volkswagen-Settlement.aspx>



Light Duty Zero Emission Vehicle Infrastructure

Working with partners on Light Duty Zero Emission Vehicle Supply Equipment contract development.

- EEC has allocated 75% for DC Fast Charge (\$2,292,525) and
- 25% of funding for Level 2 (\$764,175)
 - DC Fast Charge Infrastructure is intended to complete EV Corridors for Federal Highway designation
 - Level 2 charging at publically accessible locations.



Other Initiatives

Southeast Regional Electric Vehicle Initiative

- Includes a “mapping” initiative to be able to see what is happening in surrounding states
- Existing EV charging locations
- Upcoming EV charging locations
- Evacuation Routes
- Air quality problem areas
- Underserved Communities

Potential Federal Legislation Funding



APPENDIX

ADDITIONAL INFORMATION



Current Actions Taken by EEC (con't)

Updated Trustee forms to prepare for draw down of funds.

July 2021: Submitted Beneficiary Eligible Mitigation Action Form for preliminary review in order to draw down funds for transit bus projects.

Preparing Beneficiary Eligible Mitigation Action Form for school bus projects draw down in order to begin reimbursement process.

Ongoing discussions with potential grant partners on Light Duty Zero Emission Vehicle Supply Equipment (ZEV) opportunities.



Environmental Mitigation Trust Agreement for State Beneficiaries

<https://www.epa.gov/sites/production/files/2017-10/documents/statebeneficiaries.pdf>



Environmental Mitigation Trust

(Appendix D of the Settlement)

\$2.7 Billion nationwide to remediate excess NOX emissions
(*Environmental Mitigation Trust*) (*Appendix D*).

Intended to fully mitigate excess NOx emissions from 2
liter and 3 liter diesel engines.

These are the funds states have been provided to expend.

Kentucky's portion of the Trust is \$20,378,649

**Kentucky received legislative authorization to expend the
funds during the 2020 legislative session and the
categories of projects to fund.**



Beneficiary Funding Request Requirements

Once a BMP is submitted, each request for funding from the Trustee must include:

- Certification that the funding request fits into the Beneficiary Mitigation Plan;
- Detailed description for proposed Eligible Mitigation Action (community and air quality benefits);
- Estimate of the NOx reductions anticipated as a result of the proposed Eligible Mitigation Action;
- Project management plan for the proposed Eligible Mitigation Action (budget and expenditure timeline);
- Certification that all vendors were or will be selected in accordance with state public contracting laws;
- Detailed description of how the Beneficiary will oversee the proposed Eligible Mitigation Action (review, auditing, compliance procedures) and commitment by the Beneficiary to maintain and make publicly available all documentation;
- Description of any cost share requirements;
- If applicable, a description of how the Eligible Mitigation Action mitigates the impacts of NOx emissions on communities that have historically borne a disproportionate share of the adverse impacts of such emissions;
- A detailed plan for reporting on Eligible Mitigation Action implementation.



Final Disposition of Trust Funds

Beneficiaries have up to 10 years to expend allocations (October 1, 2027)

National Trustee is required to file with the Court and U.S. EPA an accounting of all Trust Assets remaining that have not been expended or obligated on approved Eligible Mitigation Actions.

Beneficiaries may seek to supplement their allocation by filing with the courts and delivering to the Trustee written reports demonstrating that original funds have been expended/obligated (80%) and requesting a portion of any other remaining funds.

Any additional funds awarded will sunset at the end of 5 years after award and those funds will be deemed to have been donated to fund federal agency projects to reduce NOx emissions.



Environmental Mitigation Trust

Important Dates

December 2016 – The Governor designated EEC as the lead agency on behalf of the Commonwealth.

March 2017 – The Court designated Wilmington Trust as the national trustee of the Environmental Mitigation Trust. Kentucky is officially listed as a beneficiary.

October 2, 2017 – Trust Fund Effective Date (TED) – **(This started the 10 year clock to expend the funds).**

- Currently in year 4 of the 10 year cycle to expend the funds.
- Beneficiaries must submit the final Beneficiary Mitigation Plan at least 30 days prior to requesting to draw down the Trust funds.



DC Fast Charge (Level 3)

There are currently three types of DC fast charging: Combined Charging System (CCS), CHAdeMO ("CHArge de MOve"), and Tesla Supercharger.

For a much faster and shorter charging experience, there is Level 3 charging, or DC fast charging (DCFC). Generally available at public locations, dealerships, and commercial fleet companies, DCFC chargers can range in output from 50 kW to 350 kW. They can recharge an EV battery to 80% in anywhere from 15 minutes to 45 minutes, depending on the vehicle's voltage capacity.



Level 2 Chargers

Level 2 charging uses a 240-volt outlet and produces output ranging from 4 kW to 18 kW of power. This output translates to 12 to 54 miles of range per hour. At the highest rate, an EV with 250 miles of range will recharge entirely in less than five hours. At the lowest rate, it may take about 21 hours. [Level 2 charging stations are in homes](#), workplaces, and public locations such as malls, parking garages, parks, universities and colleges.

