

Volkswagen Settlement Stakeholder Meeting – Review and input on draft state plan

Notes from February 28, 2018

Approximate participation:

In person: 29

Webinar: 17

Call-in: 6

Participants included representatives of: Cities, school districts, airport, transit, propane industry, diesel industry, electric vehicle organizations, electric utilities, gas utilities, nonprofits, Legislature, MPCA Environmental Justice Advisory Group, Department of Health, Department of Commerce, Department of Natural Resources, and more...

1:00 pm Welcome and introduction

Rick Patraw, MPCA on behalf of J. David Thornton

Today we will discuss the draft State Plan for the Volkswagen Mitigation Trust. This plan will cover Phase 1 of the process for 25% of the funds. What we learn in this first phase will inform the next two phases in future years.

The contents of this plan reflects what was heard in many meetings across the state. We are interested in hearing from you today if we correctly captured this input. If you have additional comments, we have an open comment period until March 19, 2018.

1:05 pm Minnesota's draft plan

Amanda Jarrett Smith, MPCA

Summary of Minnesota's draft plan and how it incorporates public input (slides 1-9)

Comments on the draft plan are being accepted through March 19. Additional public meetings will occur in early March.

Shared a video: <https://youtu.be/tluMcELo5vk>

In developing the plan we gathered input from a number of public meetings across the state, nearly 300 written comments, and from over 800 responses to online surveys. Topics ranged from emission reductions, including projects in greater Minnesota, recognizing different fuel types, environmental justice, health, input from legislators, talking with tribes, and other issues.

Goals

Based on the input there are five main goals over the next 10 years. Emission reductions, Statewide (with 60% metro and 40% greater Minnesota - which matches the distribution of impacted Volkswagen vehicles), Recognizing projects in disproportionately impacted communities (40%), maximizing health benefits and being cost effective.

Question: Does the 60/40 Metro/Greater MN distribution apply to each individual grant category or is it collective?

Response: MPCA recognizes that some categories may have more opportunity for projects in different parts of the state so it is not intended to be limiting within each.

Proposing three phases – first phase will cover 25% or \$11.75 million of the funding during the next two years; Phase 2 will cover 50% of the funding from 2020-2023; and Phase 3 will cover the remaining 25% from 2025-2027.

Proposed Categories

School Bus replacement (slide 16) – anticipate 20% of Phase 1 available funds or \$2.35 million

After hearing from stakeholders, the MPCA left it open to all eligible fuels. Wanted school districts and bus companies to decide what works best for them.

Question: Is gasoline an eligible fuel for school buses?

Response: After close reading of the settlement and working with other states, we believe that gasoline does not appear to be eligible.

Heavy-duty on-road (trucks and transit buses) (slide 17) – anticipate 35% of available funds or \$4.1 million

Comment: these vehicles can be expensive (for example, a waste hauler can cost over \$300,000). Given they have been a focus area with other states like California, the MPCA may want to consider increasing grant maximums from the \$40,000 cap.

Response: Thank you for your comment. For context, MPCA has used a \$40,000 cap with success under its existing Diesel Emissions Reduction Act program.

Heavy duty off-road equipment (freight and construction) (slide 18) – anticipate 15% of available funds or \$1.76 million

Heavy-duty electric vehicles (buses, airports, trucks) (slide 19) – anticipate 15% of available funds or \$1.76 million

Question: Would all-electric rail car movers be included in this category?

Response: We are still unsure based on the settlement language and continue to discuss with other states and national partners.

Question: Would electric charging infrastructure for airport equipment fit in this category or be part of the electric vehicle charging station category?

Response: It can be included as part of an application to replace airport equipment under the heavy-duty electric category. The electric vehicle charging station category is intended for light-duty vehicles.

Electric vehicle charging stations (slide 20) – anticipate 15% of available funds or \$1.76 million; of this suggesting 90% go toward fast charging highway corridors with 10% going toward level 2 chargers at public locations, workplaces, and multi-unit dwellings.

Question: Are the estimated NOx emission reductions based on the current generation sources on the grid?

Response: Yes

Question: If using solar energy to power the charging stations, would the emission reductions be larger?

Response: Yes

Question: for electric vehicle charging stations, why is there a range between 60-80%?

Response: It depends on whether they are public stations or private stations

Question: Does the grant for DC fast chargers include associated costs such as upgrades to the distribution system?

Response: Grant funds can be used for installation and maintenance. We need to seek clarification on distribution system upgrades.

Comment: For the three categories having 15% of funds available each (heavy-duty non-road, heavy-duty electric, and electric charging stations), the anticipated NOx reductions are lower for electric categories. Why are they all getting the same allocation of funds when the heavy-duty non-road is more cost-effective?

Response: Cost effectiveness is important but based on public input we also need to balance cost-effectiveness with other goals and benefits. Support for electric vehicles (EVs) across the state was the most common comment we received. We recognize NOx reductions are not as great, but there are other reasons to explore these categories.

Question: For charging station locations there is a range of potential grants (60-80%). When is it considered private and when is it public in terms of the eligible grant amounts?

Response: There are a lot of private sites that may fit. It depends on who takes ownership of the charging station and who is allowed to use it.

Comments: Understand the goal is to maximize the number of fast chargers, however there is a significant gap in funding between the level 2 chargers (50kW) and fast chargers (150kW). To help reduce "range anxiety," recommend allowing cheaper 50kw stations along highway corridors, since a lot more can be installed, then go back and install faster chargers in future phases.

Response: Thank you for that comment. Our thinking has been that although the slower, level 2 chargers may be less expensive, for future planning it's important to consider the faster chargers. The 150kW units can be ratcheted down to 50kW, but the 50kW will not be able to ramp up to 150kW.

Comment: As an electric vehicle owner, wanted to speak in favor of fewer fast chargers instead of more slow chargers. We want technology that will be relevant.

Question: Is there a cap for the number of vehicles for each application?

Response: The intent was to not put a cap on the number of units in Phase 1. Consolidation of diesel engines may help with administration costs.

Question: How is the Agency defining disproportionately impacted communities? What is the tracking mechanism? (a Powerpoint slide with a state map identifying potential Environmental Justice communities provided as an example. See the map on the MPCA website:

<http://mpca.maps.arcgis.com/apps/MapSeries/index.html?appid=f5bf57c8dac24404b7f8ef1717f57d00>)

Response: MPCA plans to identify areas using an existing Environmental Justice mapping tool. In addition, increased amounts are available for school bus replacements serving schools with at least 40% students eligible for free or reduced-cost lunch. A list of eligible schools will be available. Location information will be provided through the grant applications.

Question: Is the agency planning to do funding through intermediaries?

Response: If a group of owners are planning to work together to submit an application, that will be fine, but we are not planning to hire an intermediary at this time.

Question: For the second round (Phase 2) covering 2020-2023, what might the cycle look like in that phase?

Response: We plan to review what worked and what didn't work during Phase 1 and seek input in the two subsequent phases, so the future phases might be shaped differently than this phase.

Question: What will the evaluation be for the next round?

Response: We want to first understand what is working from the first round and see if adjustments are needed.

Question: Will there be a buffer between the first and second phase?

Response: There may be a slow down as we evaluate the first phase and issue the new grant requests for the second phase.

Online comment: Thanks for hosting the meeting. In regards to the rail switchers, understand that there are similar discussions in EPA Region 7. Encourage continued efforts to include these as eligible projects. Also, recommend more funding in the category of heavy-duty off-road since it results in more emission reductions.