DEQ
Montana Department
of Environmental Quality

State of Montana

Draft Beneficiary Mitigation Plan
Volkswagen Environmental Mitigation Trust

Prepared by the Montana Department of Environmental Quality

Energy Office

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Mitigation Plan Contact Information

This document is available at DEQ's website at:
http://deq.mt.gov/Energy/transportation/VW-Settlement-Page

For more information contact:

DEQ Energy Office
Kyla Maki
Energy Resource Professional
1520 East Sixth Ave.
Helena, MT 59620-0901

Phone: 406-444-6478

DEQ Energy Office
Dan Lloyd
Energy Planning and Renewables Section Supervisor
1520 East Sixth Ave.
Helena, MT 59620-0901

Phone: 406-444-6459

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Introduction

The Montana Department of Environmental Quality (DEQ) has been designated by Governor Bullock as the lead agency to administer funds allocated to Montana from the Volkswagen Environmental Mitigation Trust for State Beneficiaries ("State Mitigation Trust"). As directed by the State Mitigation Trust Agreement, these funds are to be used to undertake authorized actions to reduce nitrogen oxide (NOx) emissions in Montana. The allocation to Montana from the State Mitigation Trust is $12.6 million. This document outlines Montana's draft Mitigation Plan for utilizing State Mitigation Trust funds in Montana.

Background

In January 2016, several parties, including the U.S. Department of Justice, the Federal Trade Commission, the Environmental Protection Agency, the state of California, and vehicle owners, sued the Volkswagen Group of America (VW) for violating the federal Clean Air Act. The lawsuit claimed that between 2009-2016, VW sold approximately 580,000 vehicles with 2.0-liter and 3.0-liter engines that were equipped with devices intentionally designed to defeat emission control tests. This resulted in the affected vehicles exceeding nitrogen oxides (NOx) emissions allowed by the Clean Air Act. Volkswagen entered two judicial consent decrees that require Volkswagen to pay more than $2.9 billion into an Environmental Mitigation Trust Fund (EMT) to mitigate and offset the excess emissions of NOx from the offending vehicles. Wilmington Trust, N.A. was appointed by the court on March 15, 2017 to act as independent Trustee to administer and distribute funds to states, territories, and tribes that elect to become beneficiaries. Funds are distributed to beneficiaries to support certain eligible mitigation actions (EMAs) outlined in the consent decree. The allocation to the state of Montana—based on registration share of VW diesels by state—is $12.6 million. In January 2018, the Trustee approved Montana's trust beneficiary designation. Governor Bullock has designated the Department of Environmental Quality as the lead agency to oversee the administration of the EMT in Montana. The mitigation trust funds must be spent within 10 years after the Trust Effective Date (October 2, 2017). States cannot spend more than 1/3 of the allocation in the first year and cannot spend more than 2/3 by the end of the second year.

Eligible Mitigation Actions

Appendix D-2 of the State Mitigation Trust agreement specifies certain categories of mitigation actions that are eligible to receive funding from the trust. The goal of these EMA's is to achieve reductions by mobile sources of NOx emissions in the United States. The following is a list and general description of eligible vehicle or engine replacements and other eligible actions under the settlement. More information about eligible vehicles and activities in these categories can be found in Appendix B.

1) Large local freight trucks (Class 8)

2) School, shuttle, and transit buses (Class 4-8)
3) Freight switcher locomotives
4) Ferries and tugs (engine replacement only) [limited applicability in Montana]
5) Ocean going vessels shore-power [not applicable in Montana]
6) Medium local freight trucks
7) Airport Ground Support Equipment (Replace by all-electric only)
8) Forklifts with a lift capacity greater than 8,000 pounds and port cargo handling equipment
9) Light Duty Zero Emission Vehicle Supply Equipment—charging stations (maximum of 15% of state allocation)
10) Actions available to states under the Diesel Emissions Reduction Act funding (DERA)

Beneficiary Mitigation Plan Requirements

As a Beneficiary, the State of Montana is required to develop a high-level Beneficiary Mitigation Plan (BMP), make this plan available for public review and comment, and submit it to the Trustee. The BMP must address the following elements:

A. Montana's overall goal for use of the funds;
B. The categories of EMA's that Montana anticipates will be appropriate to achieve the state's goals, and the preliminary assessment of the percentages of funds anticipated to be used for each category of mitigation action;
C. A description of how Montana will consider the potential impact of the selected mitigation action on air quality areas that bear a disproportionate share of the air pollution burden within the state;
D. A general description of the expected ranges of emission benefits Montana estimates to be realized by implementation of the EMA's identified in the Beneficiary Mitigation Plan; and
E. The process by which Montana has already sought and considered, and will continue to seek and consider, public input on its Plan.

This document serves as the BMP for Montana and includes the required sections A-E above as well as additional background information on NOx emissions in Montana, eligible mitigation funding categories, funding priorities, timeline, and next steps associated with Montana's implementation of projects funded by the Volkswagen State Mitigation Trust.

A. Montana's Overall Goal for Use of the Funds

Montana DEQ evaluated the public survey responses, statewide NOx emissions data, and eligible EMAs to help inform the overall goals for the use of funds from the VW Environmental Mitigation Trust. DEQ's main priority is to meet the intent of the VW State Mitigation Trust settlement to reduce emissions of NOx from mobile sources. Within this goal, DEQ has developed a narrower subset of goals to help further inform funding decisions. DEQ acknowledges the multi-year spending timeline of funds from the Trust may result in some changes to these goals to align better with technological, programmatic, or implementation changes.

1. Achieving mobile source NOx emission reductions across Montana; focusing on areas with the highest mobile source NOx emissions.
2. Achieving long-term air quality benefits for the greatest number of Montanans.
3. Investing in clean alternative fuels/infrastructure.
4. Supporting long-term investments in zero-emission public transportation options.
5. Reducing diesel emission exposure of sensitive populations.

Nitrogen Oxide (NOx) Emissions in Montana

The Volkswagen Environmental Mitigation Trust's purpose is to mitigate harm from excess emissions from mobile sources of NOx that resulted from over 580,000 2.0 and 3.0-liter diesel vehicles that were sold in the United States between 2009-2016. Nitrogen oxides (NOx) are a group of highly reactive gases formed from the burning of fuel. NOx primarily forms in the air from emissions from cars, trucks, off-road vehicles, and power plants. High concentrations of NOx in the air can irritate airways in the human respiratory system, aggravate existing respiratory diseases; and long-term exposure can contribute to the development of asthma and other respiratory diseases. NOx also contributes to the formation of airborne particulate matter that causes haze.

To determine current sources of NOx emissions in Montana, DEQ used the Environmental Protection Agency's (EPA) 2014 National Emissions Inventory (NEI) data. This data helps provide a snapshot of the total NOx emissions in Montana and what percentage of NOx that comes from certain sources and categories. The NEI provides a comprehensive and detailed estimate of air emissions from criteria pollutants, criteria precursors, and hazardous air pollutants from air emissions sources in each state. DEQ evaluated total 2014 NOx emissions data in Montana from all sources, onroad and nonroad mobile sources of NOx emissions, and mobile sources of NOx emissions by county. The purpose of evaluating NOx emissions data is to help determine the source categories and locations of Montana's mobile sources of NOx emissions. This data, along with public input, informs the goals, priorities, project selection criteria, and other key aspects of Montana's Beneficiary Mitigation Plan.

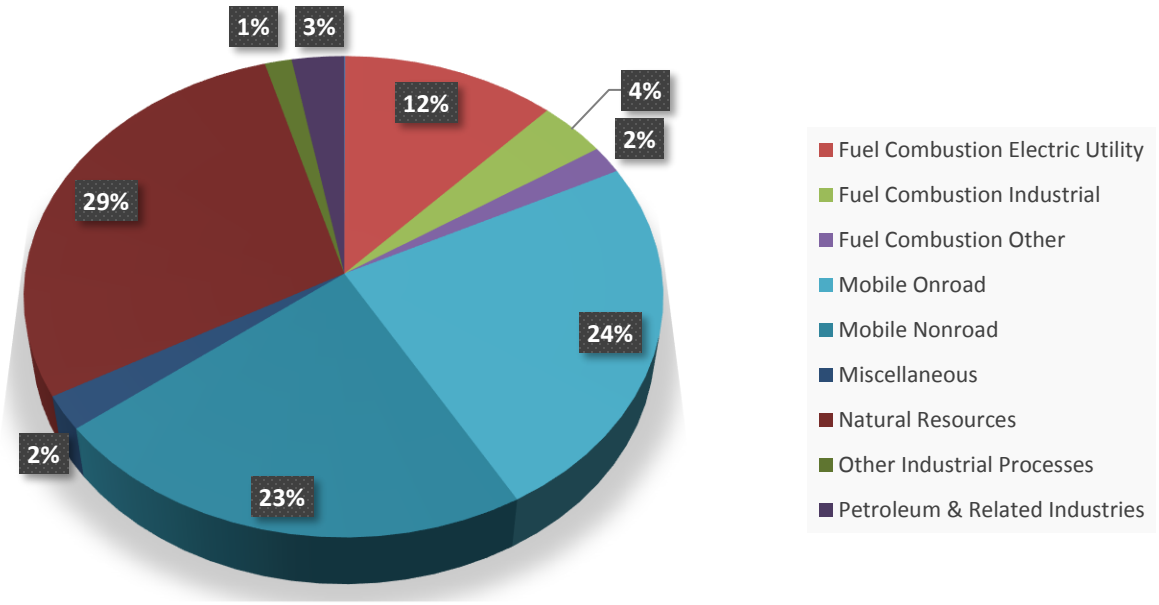


Figure 1 Montana NOx Emissions by Sector

In Montana, mobile sources of NOx emissions, including onroad and nonroad vehicles, are responsible for nearly half (about 47%) of statewide NOx emissions (Figure 1). In 2014, mobile sources emitted about 74,288 tons of NOx emissions in Montana. The mobile onroad and nonroad mobile source sector can be further broken down into categories, including heavy duty diesel vehicles, nonroad farming, mining, and logging equipment, locomotives, onroad light duty gasoline and diesel vehicles, and other onroad and nonroad vehicles. Most of the eligible mitigation actions under the VW settlement include upgrades or replacements to onroad medium duty and heavy-duty diesel vehicles. Limited categories of nonroad vehicles, including switcher locomotives, airport support ground equipment, and forklifts are also eligible for replacement under the VW settlement. Figure 2, on the following page, shows the percentage of mobile source NOx emissions in Montana that result from each category potentially covered by eligible mitigation actions. In Montana, mobile sources of NOx emissions that are covered within the eligible mitigation categories have total annual NOx emissions of approximately 60,208 tons, or about 81% of the total statewide mobile source NOx emissions.

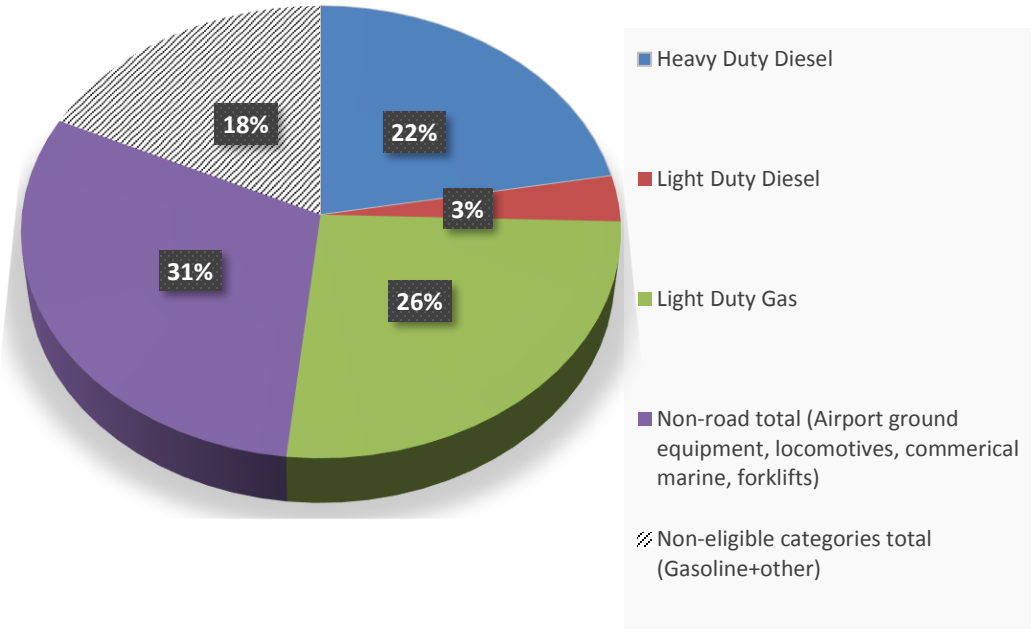


Figure 2 Montana Mobile Sources of NOx Emissions

Within the mobile source categories, nonroad vehicles and equipment account for the largest percentage of total NOx emissions for a single category, at 31% (Figure 2). Most nonroad emissions come from the railroad sector. The total annual NOx emissions from the railroad sector in 2014 was 22,283 tons. The NEI does not separate out NOx emissions data by types of locomotives (i.e. line-haul, switcher, passenger rail). Switcher locomotives operating 1,000 or more hours per year are eligible for funding under the Volkswagen State Mitigation Trust. Light duty gas and diesel vehicles combined have the second highest percentage of NOx emissions of eligible mitigation categories at 29% (Figure 2). While light duty vehicle replacements are generally not eligible for replacement under the VW Environmental Mitigation Trust, light duty electric vehicle charging stations are an eligible funding category. Charging stations can help support NOx emission mitigation from light duty cars and trucks. Heavy duty vehicles have the third largest percentage of NOx emissions of eligible mitigation categories This sector emitted approximately 22% of Montana's mobile sources of NOx emissions in 2014. Vehicles in this sector include but are not limited to transit buses, school buses, garbage trucks, delivery trucks, commercial vans and long-haul trucks. Most Class 4-8 vehicles are those with a gross vehicle weight rating greater or equal to 14,001 lb.

Funding Priorities

To achieve Montana's overall goal for use of the funds, DEQ will prioritize funding for projects within each eligible category that:

- Are located and/or operate in counties with the highest mobile sources of NOx emissions (see Figure 3).
- Result in the greatest total lifetime NOx emissions.
- Result in emission and health benefits for the greatest number of people
- Balance the cost of the project with NOx emission reduction benefits.
- Achieve the greatest emission reductions or offsets per dollar spent through the EMT funds (i.e.; capital cost-effectiveness in VW settlement dollars per ton of NOx reduced).
- Effectively demonstrate the viability of alternative fuels or all-electric technologies in each mobile source sector.
- Demonstrate coordination with local electric utility on electric vehicle replacements and electric vehicle charging station projects.
- Are located and/or operate in EPA priority air quality or Class 1 Areas.
- Include a cost share above and beyond the minimum required and/or those that leverage third-party or eligible federal funding.
- Can be implemented in less than 18 months after selection.
- Are located and/or operate in areas that are disproportionately impacted by diesel emissions such as, but not limited to, schools, bus depots, rail yards, airports, and truck stops.
- Serve environmental justice communities and/or sensitive populations including children and the elderly.
- Demonstrate that replacement/repower funding would occur earlier than it would absent VW EMT funding.

These priorities are not necessarily project selection criteria, but will help determine project selection criteria and numerical scoring and weighting to evaluate projects. Montana will develop a statewide, transparent project solicitation, evaluation, and selection process that is grounded in these funding priorities as well as the eligible mitigation categories.

B. Categories of Eligible Mitigation Actions to Achieve State Goals, and Preliminary Assessment of Percentages of Funds Anticipated to be Used for Each Type of Action

This section describes the categories of eligible mitigation actions (EMAs) that DEQ anticipates will achieve Montana's goals for Volkswagen EMT funding, and the preliminary assessment of the percentages of funds anticipated to be used for each type of EMA. Actual expenditures in each funding cycle will be based on several factors, including the level of interest and number of applications DEQ receives. Actual expenditures and vehicle replacement priorities may change over time depending on factors such as demand and technology changes. A discussion of each category and estimates of associated NOx emission reductions is in Table 1, on the following page. DEQ will issue separate request for projects (RFPs) for specific types of vehicles within each category and will specify the maximum funding available for each vehicle category.

Table 1: Eligible Mitigation Action, Preliminary Assessment of % of Funds, and Estimated NOx Emission Reduction

Category	EMA Category	Percentage of Funds	Total Funds	Estimated NOx emission reductions per vehicle (annually)
Onroad Heavy Duty Diesel Vehicles	Categories 1,2,6	55%	$6.93 million	79-96% reduction per vehicle
Funding for projects based on demand	Categories 1-4,6-8, 10	10%	$1.26 million	Variable, depending on vehicles
Light Duty Zero Emission Vehicle Supply Equipment (EVSE)	Category 9	15% (maximum allowed)	$1.89 million	81-88% reduction per light duty vehicle replaced by battery electric or plug-in hybrid electric vehicle
DERA Option/Nonroad	Categories 1-4, 6-8, 10	5%	$630,000	Variable, depending on vehicles
Administration /Marketing/Education		≤15%	No greater than $1.89 million	N/A
			TOTAL= $12.6 million	

Description of Funding Categories

Onroad, Heavy duty vehicles

EMA Category 1: Class 8 local freight trucks
EMA Category 2: Transit buses & School buses
EMA Category 6: Class 4-7 local freight trucks

DEQ intends to allocate 55%, or $6.93 million to onroad heavy duty vehicles. Onroad heavy duty vehicles are the third largest category of mobile source NOx emissions in the state. There was strong support for replacing public transit buses and school buses that are in this category in the public survey that DEQ sent out in March 2018. Under the settlement, vehicles eligible for replacement in this category include 2009 engine model year or older heavy-duty vehicles. DEQ will give priority to vehicle replacement and upgrade projects that can demonstrate that they would not have occurred without VW settlement funds. Under the settlement, minimum cost share requirements vary by vehicle category, replacement fuel type, and whether the vehicle being replaced is government-owned or privately-owned. In general, government-owned vehicles and electric/alternative fuel upgrades require less cost share than privately-owned vehicles and diesel replacements. More information about eligible mitigation actions and expenditures can be found in Appendix B.

Light Duty Zero Emissions Vehicle Supply Equipment (EVSE)

EMA Category 9: Electric vehicle charging stations

DEQ intends to spend the maximum allowable, 15%, or $1.89 million, on electric vehicle charging stations for light duty vehicles. Electric vehicle charging stations help reduce NOx emissions from light duty vehicles by facilitating greater use of zero-emission vehicles. In Montana, light duty vehicles emitted approximately 29% of NOx emissions from Montana's mobile sources in 2014 (Figure 2). Most respondents to DEQ's March 2018 survey were supportive of spending 15% of Montana's allocation on charging stations. Funds can be used for acquiring, installing, operating, and maintaining charging supply equipment for new light duty zero-emission vehicles. Funds for EVSE will be available statewide, with an emphasis on community-based Level II charging stations and Level III fast charging stations along key highways, interstates, and travel corridors in Montana. DEQ will coordinate with the Montana Department of Transportation (MDT), electric utilities, and other stakeholders to identify important factors that the agency should consider when selecting routes and individual sites for charging stations. These factors may include distance from the highway/interstate, operational access, proximity to amenities and services, connection to utility/distribution circuit, and future expansion capabilities. Eligible charging stations must be at a public place, workplace, or multi-unit dwelling. Private residential dwellings that aren't multi-unit dwelling charging stations locations are not eligible for funding. As allowed by the settlement, the trust can fund up to 80% of the cost of charging stations in public locations on non-government owned property and up to 60% of the cost of charging stations in workplaces and multi-unit dwellings. More information on funding levels and eligibility for electric vehicle charging stations can be found in Appendix B.

Reserve funding based on project demand

EMA Categories 1-4,6-8,10: All vehicle categories in the eligible mitigation actions

DEQ is setting aside approximately 10% of the funds, or $1.26 million to be available for eligible vehicle upgrades and replacements based on level of interest and demand due to vehicle technology advancements and other factors. Projects may include replacing or upgrading onroad and nonroad vehicles and equipment including freight switchers, airport handling equipment, and forklifts. These flexible reserve funds will also allow DEQ to augment funding for other categories based on its experience administering and implementing vehicle replacement and upgrade programs over several years.

DERA Option/ Nonroad vehicles

EMA Category 10: Any vehicle upgrade, replacement, or emissions reduction project eligible under DERA

State trust beneficiaries can use settlement funding allocations as non-federal voluntary match for annual EPA funding for the State Clean Diesel Program under the Diesel Emissions Reduction Act (DERA). DEQ proposes to use 5%, or $630,000, of funds as voluntary match for the DERA program, with a focus on nonroad vehicle replacements and upgrades. The DERA program provides a wider range of eligible diesel emission reduction actions than the Volkswagen EMT, including engine replacements for nonroad

diesel equipment including mining equipment and farm equipment. Table 2 shows available actions and maximum reimbursement percentages under the DERA program. A portion of these funds may also be available for nonroad vehicles eligible for upgrade or replacement under the EMT. Eligible nonroad vehicle upgrades and replacements include locomotive switcher engine upgrades or replacements and airport support ground equipment electric repowering or replacement. Eligible expenditures under DERA are included in Table 2. Additional funding requirements for eligible nonroad vehicles are in Appendix B under the Airport Support Ground Equipment, Forklifts, and Freight Switcher categories.

Table 2: Eligible Actions and Maximum Reimbursement Percentages under the Diesel Emissions Reduction Act (DERA)

Diesel Vehicle/ Equipment Type	Vehicle or Equipment Replacement	Diesel Engine Replacement	Diesel Engine Upgrade	Idle Reduction Technologies	Exhaust Controls	Cleaner Fuels Use
Buses (school/transit)	25% diesel 35% low NOx 45% electric	40% diesel 50% low NOx 60% electric		25% (school bus)	100%	Fuel Cost Differential (Only in combination with alternative fuel conversion, engine upgrade, vehicle replacement, or exhaust control.)
Medium to Heavy Duty Trucks	25% diesel 35% low NOx 45% electric	40% diesel 50% Low NOx 60% electric		25% (long trucks)	100%	
Drayage Trucks (railyard use)	50%				100%	
Locomotives	25% diesel 45% electric	40% diesel 60% electric	40%	40%	100%	
Nonroad engines	25% diesel 45% electric	40% diesel 60% electric	40%	100%	100%	
Truck Stop Parking Electrification				30%		

Administrative Costs

Program administration, marketing and education expenses

States can use a maximum of 15% of the funding allocation to pay for costs directly associated with implementing eligible mitigation actions. DEQ intends to spend less than 15% of Montana's allocation, on eligible administrative, marketing, and educational costs directly tied to mitigation actions and projects. DEQ will ensure efficient implementation of administration, marketing, and educational activities and that funds in this category will be prudently spent and tied directly to eligible funded projects. As necessary, DEQ may use some of these funds to contract with third parties to help implement and evaluate mitigation actions. Appendix B includes more information on eligible administrative expenses.

C. Considerations of impacts of mitigation actions on air quality areas that bear a disproportionate share of air pollution burden

DEQ recognizes that under each funding category, there are numerous eligible projects statewide. Selecting projects will require considering statewide interests while considering the benefits and impacts of projects in certain areas and among certain demographics that bear a disproportionate share of the air pollution burden in Montana. When evaluating potential projects, DEQ will consider where the project benefits will be realized, the total population, and the social demographics of the population that the project will primarily serve. Preference will be given to projects that reduce NOx emissions from vehicles that operate in priority air quality areas and Class I Airsheds. DEQ will also prioritize projects in counties with the largest share of total statewide mobile source NOx emissions. Figure 3 below shows the counties with greater than 1% of the statewide NOx emissions from onroad mobile sources. Figure 4 shows the top 20 counties with the highest NOx emissions from nonroad mobile sources.

Figure 3

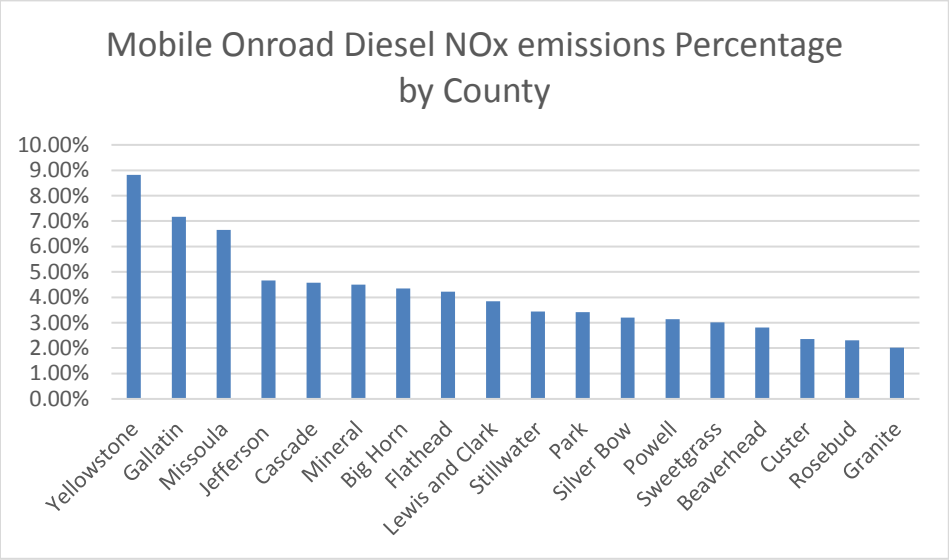
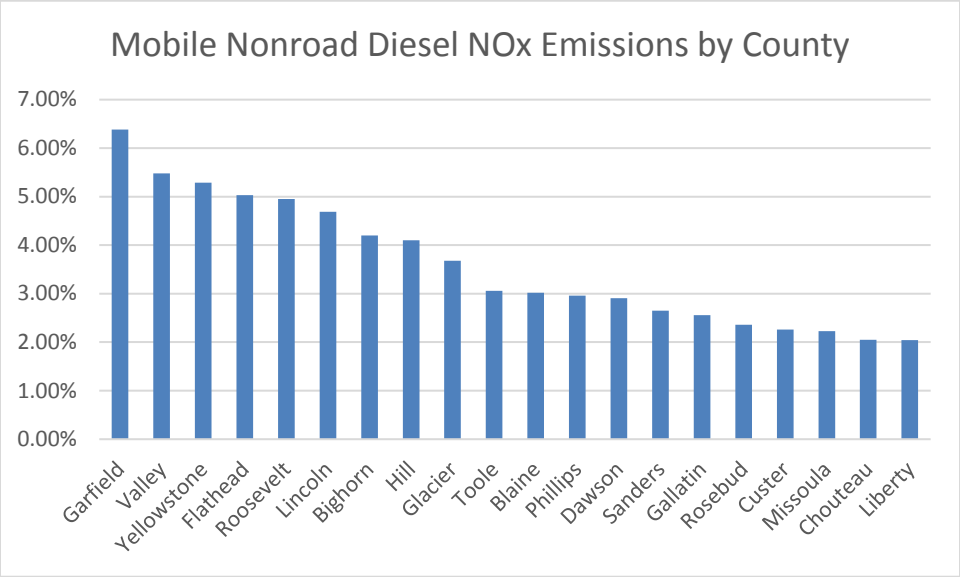


Figure 4



Montana will also give priority to projects that operate in certain areas that are disproportionately impacted by diesel emissions. Locations with higher emission concentrations, health impacts, and risks from diesel emissions may include:

- Schools
- School bus depots
- Childcare facilities
- Senior housing, or assisted living facilities
- Truck and bus maintenance facilities
- Rail yards
- Truck stops
- Construction sites
- Airports
- Areas with poor air quality

Demographic populations that may bear disproportionate impacts associated with high concentrations of diesel emissions include, but are not limited to, low-income households, people living near industrial facilities, children, older adults, and people with respiratory or cardiovascular disease. DEQ will coordinate with the Department of Public Health and Human Services to identify areas with vulnerable populations that are more susceptible to environmental and health impacts associated with diesel emissions. DEQ will also use tools such as the EPA's Environmental Justice Screening tool to further analyze and compare projects in certain locations based on location-specific environmental and health statistics.

D. Expected Ranges of Emission Benefits

Table 1 (on page 7) shows the percentage of NOx emission reductions that is expected to result from the implementation of the eligible mitigation actions in each funding category. DEQ used the EPA Diesel Emissions Quantifier tool to estimate the percentage of NOx emission reductions in each category of eligible vehicle replacements. To estimate the range of emission benefits for light duty electric vehicle charging stations, DEQ compared the average NOx emissions rate associated with electricity generated in Montana to power electric vehicles and plug-in hybrids with the average auto emission factor for gas and diesel powered light duty vehicles. Emissions reductions associated with charging stations will vary depending on use and type of vehicle charged (i.e. plug-in hybrid vehicle, all electric vehicle).

In addition to NOx emission reductions, there is a range of air quality, environmental, and public health benefits that will result from DEQ's proposed funding priorities and implementation of eligible mitigation actions. These benefits include, but are not limited to:

- Reduced emissions of air pollution including NOx, PM2.5, greenhouse gases, and air toxics over the lifetime of the vehicles.
- Improved air quality, visibility and public health benefits.
- Reduced formation of airborne particulate matter that causes regional haze.
- Reduced public exposure to diesel engine exhaust, particularly for sensitive populations, including children.
- Reduced net gallons of diesel fuel used.

E. Public Outreach

In August of 2016, DEQ set up an e-mail interested parties list for those interested in receiving updates about Montana's expenditure of VW mitigation trust funds. DEQ also established a web page http://deq.mt.gov/Energy/transportation/VW-Settlement-Page with information about the settlement, timeline, and opportunities for public input. In March of 2018, DEQ issued a request for comments and an informal request for information about how to spend Montana's $12.6 million allocation of the state mitigation trust funds. The request for comment was sent out to over 110 individuals, organizations, and municipalities on the e-mail list serve, and was also posted on the web page. The purpose of the request for comment and information was to guide the development and content of Montana's draft mitigation plan. The public request included a survey with several questions about how DEQ should prioritize funding, what types of projects the agency should focus on, criteria for selection, and geographic and demographic focus areas. The request for information asked entities to submit specific project information and details about vehicle replacement and upgrades as well as electric vehicle charging stations projects that may be eligible for funding through the mitigation trust. DEQ received a total of 68 unique responses to the survey. Some respondents did not answer every question, and some respondents' answers included multiple recommendations. DEQ intentionally asked open-ended questions that required narrative responses so that responses were not artificially limited to a few options. The responses came from a diverse group of individuals, municipalities, private businesses, non-profit organizations, and others. Each of the questions and a categorical summary of responses are in Appendix A.

Next Steps

This draft mitigation plan will be available for public comment for 30 days after it is published on our website and sent out to the members of the e-mail list serve. DEQ will review comments and make changes to this draft plan as appropriate. DEQ will publish the final mitigation plan by late summer 2018. Trust funds will be made available to Montana 30 days after the final mitigation plan is accepted by the VW Trustee.

Mitigation Plan Timeline

Under the Settlement, state beneficiaries have ten years from the Trust Effective Date of October 2, 2017, to spend at least 85% of their initial trust allocation. States cannot spend more than 1/3 of the allocation in the first year and no more than 2/3 at the end of the second year. DEQ anticipates that Montana's $12.6 million allocation will be spent within 5-8 years of the Trust Effective Date. The actual timeline will depend on the cost of each project, DEQ's capacity to administer and implement the program, and other variables associated with individual projects. DEQ will submit semi-annual progress reports to the Trustee as well as publish the reports on the website. Each year, DEQ intends to submit separate requests for proposals/projects (RFPs) for specific eligible mitigation actions that meet the goals and funding priorities of this mitigation plan.

Funding and RFP Timeline

DEQ anticipates issuing individual RFP's for projects that fall under the eligible mitigation action categories listed in Table 1 (on page 7) every 3-12 months. When issuing an RFP, DEQ will identify how much funding is available under each eligible project category and anticipates further specifying vehicle classes eligible under each RFP. Prior to issuing an RFP, DEQ may issue a request for information (RFI) to determine the categories of projects that may be eligible for the next round of funding.

Appendix A – Public Survey Questions and Responses

Question 2: How should DEQ maximize air quality benefits and other emission reductions of funds?

Answer Categories	Number of Responses	Percentage
Electric vehicle and charging stations	28	31%
School buses	5	5.5%
Priority Air Quality areas	5	5.5%
Medium/Heavy Duty Trucks	4	4%
Alternative and Green Fuels	9	10%
Electric Transit Buses	19	21%
Public Transit	2	2%
Cost-effectiveness	5	5.5%
Other (data collection, outreach on pollution, freight switcher)	13	14%
Total	90	

Question 3: Should DEQ prioritize certain geographic or demographic areas when evaluating and electing projects?

Answer Categories	Number of Responses	Percentage
Base priorities on Population/Density	33	35.8%
EPA Priority Air Quality Areas	19	20.6%
Greatest economic impact	8	8.6%
Charging gaps/corridors	7	7.6%
Statewide	4	4.3%
Areas with high NOx emissions	3	3.2%
Where VW vehicles operated	3	3.2%
Overburdened communities	3	3.2%
Other (No geographic priorities, overall NOx reduction, environmental justice, school districts, Yellowstone, towns near BNSF railroad)	12	13%
Total	92	

Question 4: Should DEQ set aside funding amounts or percentages for certain types of projects (transit buses, school buses, municipal fleets, etc.)

Answer Categories	Number of Responses	Percentage
Yes-transit buses	25	27.7%

Yes-school buses	12	13.3%
Yes-charging infrastructure	10	11.1%
Yes-fleet vehicles	4	4.4%
Yes- heavy duty trucks	2	2.2%
Yes (with no specific recommendations)	11	12.2%
No	3	3.3%
Other (unknown, doesn't matter, visual benefit, make adjustments for more expensive vehicles, pollution savings)	23	25.5%
Total responses	90	

Question 5: Should DEQ use some funding as matching dollars for federal grant programs that allow for additional eligible mitigation actions?

Answer Categories	**Number of Responses**	**Percentage**
Yes, leverage federal funds	11	17.4%
Yes, focus on Low-No Emission grants from Federal Transit	2	
Yes, Diesel Emission Reduction Act (DERA) option	5	7.9%
Yes, mass transit program	2	3.1%
Yes, rail solutions	2	3.1%
Yes (with no specifics)	18	28.5%
No	7	11.1%
Other (FEMA grants for charging stations, fleet incentives, focus on onroad projects, only after projects are prioritized)	16	25.3%
Total responses	63	

Question 6: Should DEQ focus funding on projects that use certain fuels or technologies?

Answer Categories	**Number of Responses**	**Percentage**
Battery-electric	30	42.8%
Alternative Fuels	7	10%
New Technology	6	8.5%
Electric transit	3	4.2%
New diesel	2	2.8%
Yes	13	18.5%
No	2	2.8%
Other (use renewable energy, emission reductions, only after	7	10%

projects are prioritized based on impacts, freight switcher)		
Total responses	70	

Question 7: Should DEQ use the 15% allocation towards light duty charging stations

Answer Categories	Number of Responses	Percentage
Yes	44	64.7%
No	9	13.2%
Other (whatever is reasonable, allocate more than 15%, prioritize vehicles instead, need to directly reduce NOx)	15	22.1%
Total responses	68	

Question 8: Should cost-share be required of government entities as well as non-government entities as well as non-governmental entities?

Answer Categories	Number of Responses	Percentage
Yes	34	52.3%
Considered but not required	8	12.3%
Minimal if so	2	3.0%
Not sure	1	1.5%
No	9	13.8%
Other (align with settlement, consent decree, some situations, depends on capacity)	11	16.9%
Total responses	65	

Question 9: Are there certain types of projects that should be fully funded by trust funds?

Answer Categories	Number of Responses	Percentage
Yes- Transit buses	10	16.6%
Yes-charging stations	10	16.6%
Yes-government vehicles	2	3.3%
Yes-disadvantaged communities	4	6.6%
No-needs cost share	8	13.3%
Unsure	8	13.3%
Other	18	30%
Total	60	

Question 10: How should DEQ determine whether a project will benefit areas that have been disproportionately impacted by NOx and other pollutants

Answer Categories	Number of responses	Percentage

Air pollution emissions reduction	7	10.7%
Per person impacts	9	13.8%
Environmental Protection Agency (EPA) tools and support	6	9.2%
Affected VW registrations	3	4.6%
Low-moderate income areas	2	3.1%
Public health	2	3.1%
Traffic congested areas	2	3.1%
Should not be considered	3	4.6%
Other (economic impact, rural communities, matrix to evaluate options, focus more on these areas, age of existing vehicles, anywhere offroad vehicles are being used in concentrated areas, areas where people want them)	31	47.6%
Total responses	65	

Question 11: What other criteria (other than NOx reductions) should DEQ consider when evaluating applications for funds?

Answer Categories	**Number of responses**	**Percentage**
Public health benefits	24	27.2%
Low-income areas	11	12.5%
Economic development/tourism	9	10.2%
Cost-benefit analysis	9	10.2%
Long-term benefits	3	3.4%
New technology	3	3.4%
Community education and support	5	5.6%
Other	19	21.5%
Total	88	

Question 12: What timeline for completing individual projects should DEQ establish?

Answer Categories	**Number of responses**	**Percentage**
1 year	13	20.6%
1-2 years	12	19.0%
2-3 years	12	19.0%
<1 year	2	3.1%
>3 years	4	6.3%
Reasonable amount of time	5	7.9%

Depends on project type	10	15.8%
Unknown/other	5	7.9%
Total	63	

Question 13: What methods and types of education and outreach related to charging stations and electric vehicle charging stations and vehicle repower and replacement projects should DEQ consider?

Answer Categories	**Number of responses**	**Percentage**
Direct outreach to communities	16	21.3%
New electronic media	14	18.6%
Advertisements with traditional media	9	12%
Collaboration	9	12%
Signs for charging stations	2	2.6%
Citizen and community information	11	14.6%
Auto dealers/renters	4	5.3%
Other	9	12.0%
Total responses	75	

Question 14: What information/resources could DEQ provide that would be helpful to those that are interested in submitting projects?

Answer Categories	**Number of responses**	**Percentage**
Clear application guidelines	22	36%
Electric vehicle and charging information	6	9.8%
Case studies and example projects	9	14.7%
Direct outreach to the community	4	6.5%
Website, webinars, virtual education	4	6.5%
How to quantify emission reduction	2	3.2%
How to quantify emission reduction	2	3.1%
Other (Depends on the project, structure solicitation, quantifying benefits, grant and funding resources, provide population density)	12	19.6%
Total responses	61	

Appendix B-Eligible Mitigation Actions, Administrative Expenditures, and Definitions

Eligible Mitigation Actions

1. Class 8 Local Freight Trucks and Port Drayage Trucks (Eligible Large Trucks)

a. Eligible Large Trucks include 1992-2009 engine model year Class 8 Local Freight or Drayage. For Beneficiaries that have State regulations that already require upgrades to 1992-2009 engine model year trucks at the time of the proposed Eligible Mitigation Action, Eligible Large Trucks shall also include 2010-2012 engine model year Class 8 Local Freight or Drayage.

b. Eligible Large Trucks must be Scrapped.

c. Eligible Large Trucks may be Repowered with any new diesel or Alternate Fueled engine or All-Electric engine, or may be replaced with any new diesel or Alternate Fueled or All-Electric vehicle, with the engine model year in which the Eligible Large Trucks Mitigation Action occurs or one engine model year prior.

d. For Non-Government Owned Eligible Class 8 Local Freight Trucks, Beneficiaries may only draw funds from the Trust in the amount of:

    1. Up to 40% of the cost of a Repower with a new diesel or Alternate Fueled (e.g., CNG, propane, Hybrid) engine, including the costs of installation of such engine.

    2. Up to 25% of the cost of a new diesel or Alternate Fueled (e.g., CNG, propane, Hybrid) vehicle.

    3. Up to 75% of the cost of a Repower with a new All-Electric engine, including the costs of installation of such engine, and charging infrastructure associated with the new All-Electric engine.

    4. Up to 75% of the cost of a new All-Electric vehicle, including charging infrastructure associated with the new All-Electric vehicle.

e. For Non-Government Owned Eligible Drayage Trucks, Beneficiaries may only draw funds from the Trust in the amount of:

    1. Up to 40% of the cost of a Repower with a new diesel or Alternate Fueled (e.g., CNG, propane, Hybrid) engine, including the costs of installation of such engine.

    2. Up to 50% of the cost of a new diesel or Alternate Fueled (e.g., CNG, propane, Hybrid) vehicle.

3. Up to 75% of the cost of a Repower with a new All-Electric engine, including the costs of installation of such engine, and charging infrastructure associated with the new All-Electric engine.

4. Up to 75% of the cost of a new all-electric vehicle, including charging infrastructure associated with the new All-Electric vehicle.

f. For Government Owned Eligible Class 8 Large Trucks, Beneficiaries may draw funds from the Trust in the amount of:
   1. Up to 100% of the cost of a Repower with a new diesel or Alternate fueled (e.g., CNG, propane, Hybrid) engine, including the costs of installation of such engine
   2. Up to 100% of the cost of a new diesel or Alternate fueled (e.g., CNG, propane, Hybrid) vehicle.
   3. Up to 100% of the cost of a Repower with a new All-Electric engine, including the costs of installation of such engine and charging infrastructure associated with the new All-Electric engine.
   4. Up to 100% of the cost of a new All-Electric vehicle, including charging infrastructure associated with the new All-Electric vehicle.

2. Class 4-8 School Bus, Shuttle Bus, or Transit Bus (Eligible Buses)

a. Eligible Buses include 2009 engine model year or older class 4-8 school buses, shuttle buses, or transit buses. For Beneficiaries that have State regulations that already require upgrades to 1992-2009 engine model year buses at the time of the proposed Eligible Mitigation Action, Eligible Buses shall also include 2010-2012 engine model year class 4-8 school buses, shuttle buses, or transit buses.

b. Eligible Buses must be Scrapped.

c. Eligible Buses may be Repowered with any new diesel or Alternate Fueled or All-Electric engine, or may be replaced with any new diesel or Alternate Fueled or All-Electric vehicle, with the engine model year in which the Eligible Bus Mitigation Action occurs or one engine model year prior.

d. For Non-Government Owned Buses, Beneficiaries may draw funds from the Trust in the amount of:

1. Up to 40% of the cost of a Repower with a new diesel or Alternate Fueled (e.g., CNG, propane, Hybrid) engine, including the costs of installation of such engine.

2. Up to 25% of the cost of a new diesel or Alternate Fueled (e.g., CNG, propane, Hybrid) vehicle.

3. Up to 75% of the cost of a Repower with a new All-Electric engine, including the costs of installation of such engine, and charging infrastructure associated with the new All-Electric engine.

4. Up to 75% of the cost of a new All-Electric vehicle, including charging infrastructure associated with the new All-Electric vehicle.

e. For Government-Owned Eligible Buses, and Privately -Owned School Buses Under Contract with a Public School District, Beneficiaries may draw funds from the Trust in the amount of:

1. Up to 100% of the cost of a Repower with a new diesel or Alternate Fueled (e.g., CNG, propane, Hybrid) engine, including the costs of installation of such engine. A-3

2. Up to 100% of the cost of a new diesel or Alternate Fueled (e.g., CNG, propane, Hybrid) vehicle.

3. Up to 100% of the cost of a Repower with a new All-Electric engine, including the costs of installation of such engine, and charging infrastructure associated with the new All-Electric engine.

4. Up to 100% of the cost of a new All-Electric vehicle, including charging infrastructure associated with the new all-electric engine.

3. Freight Switchers

a. Eligible Freight Switchers include pre-Tier 4 switcher locomotives that operate 1000 or more hours per year.

b. Eligible Freight Switchers must be Scrapped.

c. Eligible Freight Switchers may be Repowered with any new diesel or Alternate Fueled or All-Electric engine(s) (including Generator Sets), or may be replaced with any new diesel or Alternate Fueled or All-Electric (including Generator Sets) Freight Switcher, that is certified to meet the applicable EPA emissions standards (or other more stringent equivalent State standard) as published in the C FR for the engine model year in which the Eligible Freight Switcher Mitigation Action occurs.

d. For Non-Government Owned Freight Switchers, Beneficiaries may draw funds from the Trust in the amount of:

1. Up to 40% of the cost of a Repower with a new diesel or Alternate Fueled (e.g., CNG, propane, Hybrid) engine(s) or Generator Sets, including the costs of installation of such engine(s).

2. Up to 25% of the cost of a new diesel or Alternate Fueled (e.g., CNG, propane, Hybrid) Freight Switcher.

3. Up to 75% of the cost of a Repower with a new All-Electric engine(s), including the costs of installation of such engine(s), and charging infrastructure associated with the new All-Electric engine(s).

4. Up to 75% of the cost of a new All-Electric Freight Switcher, including charging infrastructure associated with the new All-Electric Freight Switcher.

e. For Government-Owned Eligible Freight Switchers, Beneficiaries may draw funds from the Trust in the amount of:

1. Up to 100% of the cost of a Repower with a new diesel or Alternate Fueled (e.g., CNG, propane, Hybrid) engine(s) or Generator Sets, including the costs of installation of such engine(s).

2. Up to 100% of the cost of a new diesel or Alternate Fueled (e.g., CNG, propane, Hybrid) Freight Switcher.

3. Up to 100% of the cost of a Repower with a new All-Electric engine(s), including the costs of installation of such engine(s), and charging infrastructure associated with the new All-Electric engine(s). A-4

4. Up to 100% of the cost of a new All-Electric Freight Switcher, including charging infrastructure associated with the new All-Electric Freight Switcher.

4. Ferries/Tugs

a. Eligible Ferries and/or Tugs include unregulated, Tier 1, or Tier 2 marine engines.

b. Eligible Ferry and/or Tug engines that are replaced must be Scrapped.

c. Eligible Ferries and/or Tugs may be Repowered with any new Tier 3 or Tier 4 diesel or Alternate Fueled engines, or with All-Electric engines, or may be upgraded with an EPA Certified Remanufacture System or an EPA Verified Engine Upgrade.

d. For Non-Government Owned Eligible Ferries and/or Tugs, Beneficiaries may only draw funds from the Trust in the amount of:

1. Up to 40% of the cost of a Repower with a new diesel or Alternate Fueled (e.g., CNG, propane, Hybrid) engine(s), including the costs of installation of such engine(s).

2. Up to 75% of the cost of a Repower with a new All-Electric engine(s), including the costs of installation of such engine(s), and charging infrastructure associated with the new All-Electric engine(s).

e. For Government Owned Eligible Ferries and/or Tugs, Beneficiaries may draw funds from the Trust in the amount of:

1. Up to 100% of the cost of a Repower with a new diesel or Alternate Fueled (e.g., CNG, propane, Hybrid) engine(s), including the costs of installation of such engine(s).

2. Up to 100% of the cost of a Repower with a new All-Electric engine(s), including the costs of installation of such engine(s), and charging infrastructure associated with the new All-Electric engine(s).

6. Class 4-7 Local Freight Trucks (Medium Trucks)

a. Eligible Medium Trucks include 1992-2009 engine model year class 4-7 Local Freight trucks, and for Beneficiaries that have State regulations that already require upgrades to 1992-2009 engine model year trucks at the time of the proposed Eligible Mitigation Action, Eligible Trucks shall also include 2010-2012 engine model year class 4-7 Local Freight trucks.

b. Eligible Medium Trucks must be Scrapped.

c. Eligible Medium Trucks may be Repowered with any new diesel or Alternate Fueled or All-Electric engine, or may be replaced with any new diesel or Alternate Fueled or All-Electric vehicle, with the engine model year in which the Eligible Medium Trucks Mitigation Action occurs or one engine model year prior.

d. For Non-Government Owned Eligible Medium Trucks, Beneficiaries may draw funds from the Trust in the amount of:

1. Up to 40% of the cost of a Repower with a new diesel or Alternate Fueled (e.g., CNG, propane, Hybrid) engine, including the costs of installation of such engine.

2. Up to 25% of the cost of a new diesel or Alternate Fueled (e.g., CNG, propane, Hybrid) vehicle.

3. Up to 75% of the cost of a Repower with a new All-Electric engine, including the costs of installation of such engine, and charging infrastructure associated with the new All-Electric engine.

4. Up to 75% of the cost of a new All-Electric vehicle, including charging infrastructure associated with the new All-Electric vehicle.

e. For Government-Owned Eligible Medium Trucks, Beneficiaries may draw funds from the Trust in the amount of:

1. Up to 100% of the cost of a Repower with a new diesel or Alternate Fueled (e.g., CNG, propane, Hybrid) engine, including the costs of installation of such engine.

2. Up to 100% of the cost of a new diesel or Alternate Fueled (e.g., CNG, propane, Hybrid) vehicle.

3. Up to 100% of the cost of a Repower with a new All-Electric engine, including the costs of installation of such engine, and charging infrastructure associated with the new All-Electric engine.

4. Up to 100% of the cost of a new All-Electric vehicle, including charging infrastructure associated with the new All-Electric vehicle. A-6

7. Airport Ground Support Equipment

a. Eligible Airport Ground Support Equipment includes:

1. Tier 0, Tier 1, or Tier 2 diesel powered airport ground support equipment; and

2. Uncertified, or certified to 3 g/bhp-hr or higher emissions, spark ignition engine powered airport ground support equipment.

b. Eligible Airport Ground Support Equipment must be Scrapped.

c. Eligible Airport Ground Support Equipment may be Repowered with an All-Electric engine, or may be replaced with the same Airport Ground Support Equipment in an All-Electric form.

d. For Non-Government Owned Eligible Airport Ground Support Equipment, Beneficiaries may only draw funds from the Trust in the amount of:

1. Up to 75% of the cost of a Repower with a new All-Electric engine, including costs of installation of such engine, and charging infrastructure associated with such new All-Electric engine.

2. Up to 75% of the cost of a new All-Electric Airport Ground Support Equipment, including charging infrastructure associated with such new All-Electric Airport Ground Support Equipment.

e. For Government Owned Eligible Airport Ground Support Equipment, Beneficiaries may draw funds from the Trust in the amount of:

1. Up to 100% of the cost of a Repower with a new All-Electric engine, including costs of installation of such engine, and charging infrastructure associated with such new All-Electric engine.

2. Up to 100% of the cost of a new All-Electric Airport Ground Support Equipment, including charging infrastructure associated with such new All-Electric Airport Ground Support Equipment.

8. Forklifts and Port Cargo Handling Equipment

a. Eligible Forklifts includes forklifts with greater than 8000 pounds lift capacity.

b. Eligible Forklifts and Port Cargo Handling Equipment must be Scrapped.

c. Eligible Forklifts and Port Cargo Handling Equipment may be Repowered with an All-Electric engine, or may be replaced with the same equipment in an All-Electric form.

d. For Non-Government Owned Eligible Forklifts and Port Cargo Handling Equipment, Beneficiaries may draw funds from the Trust in the amount of:

1. Up to 75% of the cost of a Repower with a new All-Electric engine, including costs of installation of such engine, and charging infrastructure associated with such new All-Electric engine.

2. Up to 75% of the cost of a new All-Electric Forklift or Port Cargo Handling Equipment, including charging infrastructure associated with such new All-Electric Forklift or Port Cargo Handling Equipment.

e. For Government Owned Eligible Forklifts and Port Cargo Handling Equipment, Beneficiaries may draw funds from the Trust in the amount of:

1. Up to 100% of the cost of a Repower with a new All-Electric engine, including costs of installation of such engine, and charging infrastructure associated with such new All-Electric engine.

2. Up to 100% of the cost of a new All-Electric Forklift or Port Cargo Handling Equipment, including charging infrastructure associated with such new All-Electric Forklift or Port Cargo Handling Equipment.

9. Light Duty Zero Emission Vehicle Supply Equipment.

Each Beneficiary may use up to fifteen percent (15%) of its allocation of Trust Funds on the costs necessary for, and directly connected to, the acquisition, installation, operation and maintenance of new light duty zero emission vehicle supply equipment for projects as specified below. Provided, however, that Trust Funds shall not be made available or used to purchase or rent real estate, other capital costs (e.g., construction of buildings, parking facilities, etc.) or general maintenance (i.e., maintenance other than of the Supply Equipment).

a. Light duty electric vehicle supply equipment includes Level 1, Level 2 or fast charging equipment (or analogous successor technologies) that is located in a public place, workplace, or multi-unit dwelling and is not consumer light duty electric vehicle supply equipment (i.e., not located at a private residential dwelling that is not a multi-unit dwelling).

b. Light duty hydrogen fuel cell vehicle supply equipment includes hydrogen dispensing equipment capable of dispensing hydrogen at a pressure of 70 megapascals (MPa) (or analogous successor technologies) that is located in a public place.

c. Subject to the 15% limitation above, each Beneficiary may draw funds from the Trust in the amount of:

1. Up to 100% of the cost to purchase, install and maintain eligible light duty electric vehicle supply equipment that will be available to the public at a Government Owned Property.

2. Up to 80% of the cost to purchase, install and maintain eligible light duty electric vehicle supply equipment that will be available to the public at a Non-Government Owned Property.

3. Up to 60% of the cost to purchase, install and maintain eligible light duty electric vehicle supply equipment that is available at a workplace but not to the general public.

4. Up to 60% of the cost to purchase, install and maintain eligible light duty electric vehicle supply equipment that is available at a multi-unit dwelling but not to the general public.

5. Up to 33% of the cost to purchase, install and maintain eligible light duty hydrogen fuel cell vehicle supply equipment capable of dispensing at least 250 kg/day that will be available to the public.

6. Up to 25% of the cost to purchase, install and maintain eligible light duty hydrogen fuel cell vehicle supply equipment capable of dispensing at least 100 kg/day that will be available to the public.

10. Diesel Emission Reduction Act (DERA) Option. Beneficiaries may use Trust Funds for their non-federal voluntary match, pursuant to Title VII, Subtitle G, Section 793 of the DERA Program in the Energy Policy Act of 2005 (codified at 42 U.S.C. § 16133), or Section 792 (codified at 42 U.S.C. § 16132) in the case of Tribes, thereby allowing Beneficiaries to use such Trust Funds for actions not specifically enumerated in this Appendix D-2, but otherwise eligible under DERA pursuant to all DERA guidance documents available through the EPA. Trust Funds shall not be used to meet the nonfederal mandatory cost share requirements, as defined in applicable DERA program guidance, of any DERA grant.

Eligible Mitigation Action Administrative Expenditures

For any Eligible Mitigation Action, Beneficiaries may use Trust Funds for actual administrative expenditures (described below) associated with implementing such Eligible Mitigation Action, but not to exceed 15% of the total cost of such Eligible Mitigation Action. The 15% cap includes the aggregated amount of eligible administrative expenditures incurred by the Beneficiary and any third-party contractor(s).

1. Personnel including costs of employee salaries and wages, but not consultants.

2. Fringe Benefits including costs of employee fringe benefits such as health insurance, FICA, retirement, life insurance, and payroll taxes.

3. Travel including costs of Mitigation Action-related travel by program staff, but does not include consultant travel.

4. Supplies including tangible property purchased in support of the Mitigation Action that will be expensed on the Statement of Activities, such as educational publications, office supplies, etc. Identify general categories of supplies and their Mitigation Action costs.

5. Contractual including all contracted services and goods except for those charged under other categories such as supplies, construction, etc. Contracts for evaluation and consulting services and contracts with sub-recipient organizations are included.

6. Construction including costs associated with ordinary or normal rearrangement and alteration of facilities.

7. Other costs including insurance, professional services, occupancy and equipment leases, printing and publication, training, indirect costs, and accounting.

Definitions/Glossary of Terms

"Airport Ground Support Equipment" shall mean vehicles and equipment used at an airport to service aircraft between flights.

"All-Electric" shall mean powered exclusively by electricity provided by a battery, fuel cell, or the grid.

"Alternate Fueled" shall mean an engine, or a vehicle or piece of equipment that is powered by an engine, which uses a fuel different from or in addition to gasoline fuel or diesel fuel (e.g., CNG, propane, diesel-electric Hybrid). A-9

"Certified Remanufacture System or Verified Engine Upgrade" shall mean engine upgrades certified or verified by EPA or CARB to achieve a reduction in emissions.

"Class 4-7 Local Freight Trucks (Medium Trucks)" shall mean trucks, including commercial trucks, used to deliver cargo and freight (e.g., courier services, delivery trucks, box trucks moving freight, waste haulers, dump trucks, concrete mixers) with a Gross Vehicle Weight Rating (GVWR) between 14,001 and 33,000 lbs.

"Class 4-8 School Bus, Shuttle Bus, or Transit Bus (Buses)" shall mean vehicles with a Gross Vehicle Weight Rating (GVWR) greater than 14,001 lbs. used for transporting people. See definition for School Bus below.

"Class 8 Local Freight, and Port Drayage Trucks (Eligible Large Trucks)" shall mean trucks with a Gross Vehicle Weight Rating (GVWR) greater than 33,000 lbs. used for port drayage and/or freight/cargo delivery (including waste haulers, dump trucks, concrete mixers).

"CNG" shall mean Compressed Natural Gas.

"Drayage Trucks" shall mean trucks hauling cargo to and from ports and intermodal rail yards.

"Forklift" shall mean nonroad equipment used to lift and move materials short distances; generally includes tines to lift objects. Eligible types of forklifts include reach stackers, side loaders, and top loaders.

“Freight Switcher” shall mean a locomotive that moves rail cars around a rail yard as compared to a line-haul engine that moves freight long distances.

“Generator Set” shall mean a switcher locomotive equipped with multiple engines that can turn off one or more engines to reduce emissions and save fuel depending on the load it is moving.

“Government” shall mean a State or local government agency (including a school district, municipality, city, county, special district, transit district, joint powers authority, or port authority, owning fleets purchased with government funds), and a tribal government or native village. The term “State” means the several States, the District of Columbia, and the Commonwealth of Puerto Rico.

“Gross Vehicle Weight Rating (GVWR)” shall mean the maximum weight of the vehicle, as specified by the manufacturer. GVWR includes total vehicle weight plus fluids, passengers, and cargo.

Class 1: < 6000 lb.

Class 2: 6001-10,000 lb.

Class 3: 10,001-14,000 lb.

Class 4: 14,001-16,000 lb.

Class 5: 16,001-19,500 lb.

Class 6: 19,501-26,000 lb.

Class 7: 26,001-33,000 lb.

Class 8: > 33,001 lb.

“Hybrid” shall mean a vehicle that combines an internal combustion engine with a battery and electric motor.

“Infrastructure” shall mean the equipment used to enable the use of electric powered vehicles (e.g., electric vehicle charging station).

“Intermodal Rail Yard” shall mean a rail facility in which cargo is transferred from drayage truck to train or vice-versa.

“Port Cargo Handling Equipment” shall mean rubber-tired gantry cranes, straddle carriers, shuttle carriers, and terminal tractors, including yard hostlers and yard tractors that operate within ports.

“Plug-in Hybrid Electric Vehicle (PHEV)” shall mean a vehicle that is similar to a Hybrid but is equipped with a larger, more advanced battery that allows the vehicle to be plugged in and recharged in addition to refueling with gasoline. This larger battery allows the car to be driven on a combination of electric and gasoline fuels.

“Repower” shall mean to replace an existing engine with a newer, cleaner engine or power source that is certified by EPA and, if applicable, CARB, to meet a more stringent set of engine emission standards. Repower includes, but is not limited to, diesel engine replacement with an engine certified for use with diesel or a clean alternate fuel, diesel engine replacement with an electric power source (e.g., grid, battery), diesel engine replacement with a fuel cell, diesel engine replacement with an electric

generator(s) (genset), diesel engine upgrades in Ferries/Tugs with an EPA Certified Remanufacture System, and/or diesel engine upgrades in Ferries/Tugs with an EPA Verified Engine Upgrade. All-Electric and fuel cell Repowers do not require EPA or CARB certification.

“School Bus” shall mean a Class 4-8 bus sold or introduced into interstate commerce for purposes that include carrying students to and from school or related events. May be Type A-D.

“Scrapped” shall mean to render inoperable and available for recycle, and, at a minimum, to specifically cut a 3-inch hole in the engine block for all engines. If any Eligible Vehicle will be replaced as part of an Eligible project, Scrapped shall also include the disabling of the chassis by cutting the vehicle’s frame rails completely in half.

“Tier 0, 1, 2, 3, 4” shall refer to corresponding EPA engine emission classifications for nonroad, locomotive, and marine engines.

“Tugs” shall mean dedicated vessels that push or pull other vessels in ports, harbors, and inland waterways (e.g., tugboats and towboats).

“Zero Emission Vehicle (ZEV)” shall mean a vehicle that produces no emissions from the onboard source of power (e.g., All-Electric or hydrogen fuel cell vehicles).