

# State of Alabama

## Volkswagen Environmental Mitigation Trust Beneficiary Mitigation Plan



Prepared by the  
Alabama Department of Economic and Community Affairs (ADECA)  
Energy Division

February 28, 2019

OFFICE OF THE GOVERNOR

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## STATE OF ALABAMA

Dear Citizens of Alabama:

In June 2016, the U.S. Department of Justice issued a partial consent decree settling claims by the United States Environmental Protection Agency and the Federal Trade Commission against German automaker, Volkswagen AG. Volkswagen has agreed to spend over \$14.7 billion to settle allegations of cheating emissions. Alabama's allocation of the Environmental Mitigation Trust is \$25,480,968.

Alabama's Beneficiary Mitigation Plan is the result of a collaborative process consisting of a series of stakeholder meetings, written surveys, information and listening sessions, a public hearing, and a public comment period beginning in March 2018 through February 2019. Alabama's Beneficiary Mitigation Plan summarizes how funds from the Environmental Mitigation Trust will be allocated to fund projects for on-road heavy duty vehicles, non-road equipment, locomotives, commercial marine vessels, and light duty zero emission vehicle supply equipment to reduce nitrogen oxide emissions.

I am pleased to approve the Alabama Beneficiary Mitigation Plan for our state. I look forward to the many projects that will benefit the citizens of Alabama.

Sincerely,

A handwritten signature in black ink that reads "Kay Ivey". The signature is written in a cursive style.

Kay Ivey  
Governor

KWB/MEN/sf

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## Background

### VW Settlement

In 2016 and 2017, the U.S. Government and automaker, Volkswagen AG (VW), resolved civil complaints which alleged that VW violated the Clean Air Act by installing software in approximately 590,000 diesel vehicles with deliberate intent to disable emission controls under normal use and turn on emission controls only when the vehicles were undergoing emissions testing. These “defeat devices” allowed the vehicles to easily pass emissions testing yet emit highly unacceptable levels of nitrogen oxides (NOx) during normal operation.

As part of the court settlement, approximately \$2.9 billion has been placed in an independently administered Environmental Mitigation Trust (the “Trust”) to be allocated to beneficiaries (states, tribes, and certain territories) based on the number of impacted VW vehicles in their jurisdictions.

### Environmental Mitigation Trust

The Environmental Mitigation Trust is administered by Wilmington Trust, N.A. (the “Trustee”) and is to be used to mitigate environmental damage caused by the polluting VW vehicles by funding projects that reduce NOx emissions where the vehicles were, are, or will be operated. Alabama’s allocation from the Trust is \$25,480,968.

Beneficiaries have up to 10 years to spend 80 percent of their allocation, and up to 15 years to spend 100 percent of their allocation. If at least 80 percent of the State’s allocation is expended within the ten years, the State may be eligible to receive a supplemental weighted share of the remaining balance of any unused funds. It is Alabama’s intent to spend the full 100 percent, well in advance of the 10-year benchmark to qualify for any future reallocations.

### ADECA’s Role

On November 28, 2017, Alabama Governor Kay Ivey submitted a *Certification for Beneficiary Status Under the Environmental Mitigation Trust Agreement* to the Trustee, identifying the Alabama Department of Economic and Community Affairs (ADECA) as the “Lead Agency” for purposes of Alabama’s participation in the Environmental Mitigation Trust. The certification gave ADECA the delegated authority to act on behalf of and legally bind the State for purposes of the Trust. It is ADECA’s responsibility, in this role, to develop and implement a Beneficiary Mitigation Plan for the state of Alabama.

### Beneficiary Mitigation Plan Development / Public Input

The ADECA Energy Division developed this Beneficiary Mitigation Plan based on input from the public and other relevant considerations. Several methods were used to inform and seek input from the public in preparation for development of the Plan. A dedicated website, [www.adeca.alabama.gov/vwsettlement](http://www.adeca.alabama.gov/vwsettlement), was launched in early 2018 to provide the public with updated information about the VW settlement and the planning process in Alabama. Information about public listening sessions and a public participation survey were posted on the “Public Input and Outreach” page of the website. In addition, an email address, [vwsettlement@adeca.alabama.gov](mailto:vwsettlement@adeca.alabama.gov), was established to accept public comments and inquiries.

Public information and listening sessions were held throughout the state during March and April 2018 in the cities of Decatur, Bessemer, Montgomery, Bay Minette, and Dothan. The presentation from the

<sup>1</sup>EPA exhaust emission standard data: <http://www.epa.gov/emission-standards-reference-guide>

listening sessions was made available on the website and written questions and answers from the sessions were posted to the “Frequently Asked Questions” page of the website.

The public was encouraged to complete a public participation survey made available on the website and to submit comments via the email address. Public comments were accepted through May 9, 2018.

Individual stakeholder meetings were held with representatives from each of the various fuel groups and with officials from the Alabama Clean Fuels Coalition, the Alabama Department of Education Student Transportation Division, and the Alabama Department of Environmental Management.

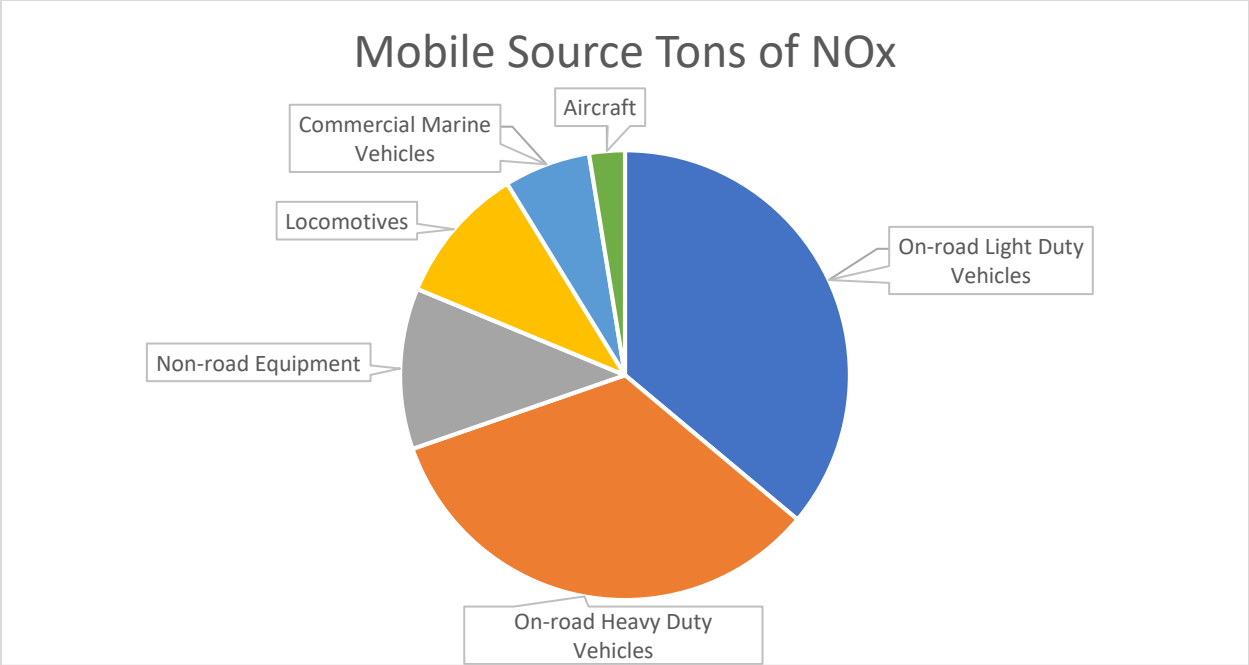
Information gathered from the surveys, public comments, and stakeholder meetings was carefully evaluated and combined with other considerations to direct the development of this Plan. In addition to the public input, the other factors considered in this process included potential for NOx emissions reduction, benefits to vulnerable populations, benefits to areas bearing a disproportionate share of the air pollution burden, economic development potential, and fuel security and energy assurance. These factors will be discussed in greater detail in subsequent sections of this Plan and will be major considerations in evaluation of proposed projects during the application process.

A public hearing will be held upon release of this Draft Beneficiary Mitigation Plan. The public is invited to submit written comments at [vwsettlement@adeca.alabama.gov](mailto:vwsettlement@adeca.alabama.gov) for a period of 30 days after the public hearing. Following the public comment period, any needed revisions will be made and the Plan will be sent to Governor Ivey for final approval before submission to the Trustee.

## Overall Goals

### NOx Reductions

As specified in the Trust Agreement, the primary goal of the Environmental Mitigation Trust is to reduce NOx emissions where the polluting VW vehicles were, are, or will be operated. Alabama considers this a priority goal, recognizing that NOx and particulate matter from diesel emissions is linked to serious environmental and health impacts. In Alabama, the primary mobile sources of NOx are on-road vehicles (both light and heavy duty) followed by non-road equipment, locomotives, commercial marine vessels and aircraft.



To directly impact NOx emissions in Alabama, distribution of funding has been primarily based on the amount of current emissions reported by EPA’s National Emissions Inventory (NEI). In addition, the funding application process will require viable estimations of NOx reductions for proposed projects and those with the most potential will receive priority consideration for award.

**Economic Development**

Economic development potential is a major focus for the state of Alabama and was identified as an important consideration by respondents to the survey and in public comments. Directing funding to projects that rely on domestic sources of fuel and utilize vehicles and technologies produced in Alabama can have a significant economic impact for the state by ensuring that more money stays in our local economy to create more local jobs. In addition, projects that take into consideration life cycle costs, including fuel and maintenance cost reductions can have a significant economic impact by helping to increase profit margins for businesses making them more sustainable. To that end, extra consideration will be given to funding applications demonstrating the potential to advance economic development in addition to the other major goals of this Plan.

**Fuel Security and Energy Assurance**

To address the goal of increasing fuel security and energy assurance, projects that repower or replace vehicles with those that rely on domestically sourced energy will be encouraged and will receive extra consideration during the evaluation process. These types of projects increase our fuel security and energy assurance by reducing dependence on foreign fuels and the global oil market.

**Categories of Eligible Mitigation Actions**

The Trust Agreement specifies ten different eligible mitigation actions that may be funded with the money from the Trust. Public input received during the public comment period indicated interest in all ten categories. In keeping with the goals of this Plan, Alabama’s expected allocation for each class of activity

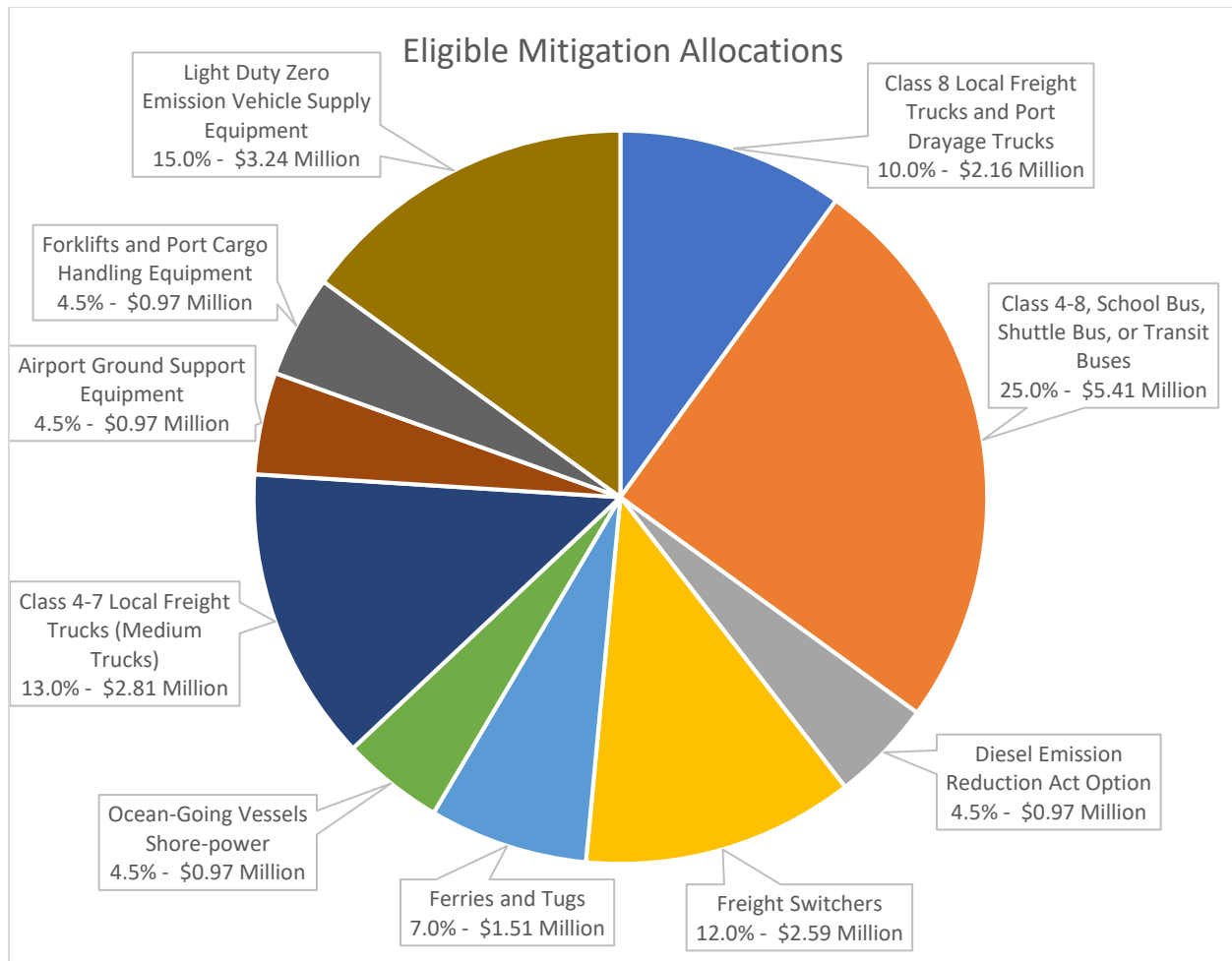
<sup>1</sup>EPA exhaust emission standard data: <http://www.epa.gov/emission-standards-reference-guide>

has been determined by funding each mitigation type proportionally to the amount of current emissions reported by EPA’s 2014 National Emissions Inventory, with adjustments for mitigation types with the best potential for positive economic impact and to reflect public interest.

Eligible Mitigation Type	Funding Allocation	
Class 8 Local Freight Trucks and Port Drayage Trucks	10.0%	\$2,165,882.27
Class 4-8, School Bus, Shuttle Bus, or Transit Buses	25.0%	\$5,414,705.67
Diesel Emission Reduction Act Option	4.5%	\$974,647.02
Freight Switchers	12.0%	\$2,599,058.72
Ferries and Tugs	7.0%	\$1,516,117.59
Ocean-Going Vessels Shore-power	4.5%	\$974,647.02
Class 4-7 Local Freight Trucks (Medium Trucks)	13.0%	\$2,815,646.95
Airport Ground Support Equipment	4.5%	\$974,647.02
Forklifts and Port Cargo Handling Equipment	4.5%	\$974,647.02
Light Duty Zero Emission Vehicle Supply Equipment	15.0%	\$3,248,823.40

*NOTE: Percentages are based on the total allocation remaining after deduction for a 15% administrative fund reserve.*

<sup>1</sup>EPA exhaust emission standard data: <http://www.epa.gov/emission-standards-reference-guide>



### On-Road Heavy Duty Vehicles

On-road heavy duty vehicles emitted 55,816 tons or 34% of all mobile source NOx emissions in Alabama during 2014<sup>1</sup>.

**Eligible Mitigation Project Types:** Class 8 Local Freight Trucks and Port Drayage Trucks (Large Trucks), Class 4-8 School Bus, Shuttle Bus, or Transit Bus (Buses), and Class 4-7 Local Freight Trucks (Medium Trucks).

- Eligible trucks and buses include 1992 - 2009 engine model years. Eligible trucks and buses 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 mitigation action occurs or one engine model year prior.

Eligible expenditures were established by the Consent Decree for Non-government Owned Eligible Large and Medium Local Freight Trucks, and Eligible Buses:

- Up to 40% of the cost of a repower with a new diesel or alternate fueled (e.g., compressed natural gas (CNG), propane, hybrid) engine, including the costs of installation of the engine,

<sup>1</sup>EPA exhaust emission standard data: <http://www.epa.gov/emission-standards-reference-guide>



- Up to 25% of the cost of a new diesel or alternate fueled (e.g., CNG, propane, hybrid) vehicle,
- 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, and
- Up to 75% of the cost of a new all-electric vehicle, including charging infrastructure associated with the new all-electric vehicle.

Eligible expenditures for Non-government Owned Eligible Drayage Trucks:

- Up to 40% of the cost for a repower with a new diesel or alternate fueled (e.g., CNG, propane, hybrid) engine, including the costs of installation of the engine,
- Up to 50% of the cost for a new diesel or alternate fueled (e.g., CNG, propane, hybrid) vehicle,
- Up to 75% of the cost for 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, and
- Up to 75% of the cost for a new all-electric vehicle, including charging infrastructure associated with the new all-electric vehicle.

Eligible expenditures established under the Consent Decree for Government Owned Eligible Large and Medium Local Freight Truck, and Eligible Buses:

- Up to 80% 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,
- Up to 80% of the cost of a new diesel or alternate fueled (e.g., CNG, propane, hybrid) vehicle,
- Up to 80% 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, and
- Up to 80% of the cost of a new all-electric vehicle, including charging infrastructure associated with the new all-electric vehicle.

### Non-Road Equipment

Non-road equipment emitted 19,238 tons or 12% of all mobile source NO<sub>x</sub> emission in Alabama during 2014<sup>1</sup>.

**Eligible Project Types:** Airport Ground Support Equipment, Forklifts, and Port Cargo Handling Equipment.

<sup>1</sup>EPA exhaust emission standard data: <http://www.epa.gov/emission-standards-reference-guide>

- Eligible airport ground support equipment includes Tier 0, Tier 1, or Tier 2 diesel powered airport ground support equipment, and uncertified, or certified to three (3) grams per brake horsepower-hour or higher emissions, spark ignition engine powered airport ground support equipment.
- Eligible forklifts include reach stackers, side loaders, and top loaders with greater than 8,000 pounds lift capacity.
- Eligible port cargo handling equipment includes rubber-tired gantry cranes, straddle carriers, shuttle carriers, and terminal tractors, including yard hostlers and yard tractors that operate within ports.

Eligible expenditures established under the Consent Decree for Non-government Owned Eligible Airport Ground Support Equipment, Forklifts, and Port Cargo Handling Equipment:

- Up to 75% of the cost of a repower with a new all-electric engine, including the costs of installation of the engine, and charging infrastructure associated with the new all-electric engine, and
- Up to 75% of the cost of new all-electric equipment, including charging infrastructure associated with the new all-electric equipment.

Eligible expenditures established under the Consent Decree for Government Owned Eligible Airport Ground Support, Forklifts, and Port Cargo Handling Equipment:

- Up to 80% 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, and
- Up to 80% of the cost of new all-electric equipment, including charging infrastructure associated with the new all-electric equipment.

## Locomotives

Locomotives emitted 16,543 tons or 10% of all mobile source NOx emission in Alabama during 2014<sup>1</sup>.

**Eligible Project Types:** Eligible freight switchers include pre-Tier 4 switcher locomotives that operate 1,000 or more hours per year.

- Eligible Freight Switchers may be repowered with any new diesel or alternate fueled or all-electric engines (including generator sets), or may be replaced with any new diesel or alternate fueled or all-electric (including generator sets) freight switchers that are certified to meet the applicable EPA emissions standards as published in the federal code for the engine model year in which the eligible freight switcher mitigation action occurs.

Eligible expenditures established under the Consent Decree for Non-government Owned Freight Switchers:

<sup>1</sup>EPA exhaust emission standard data: <http://www.epa.gov/emission-standards-reference-guide>

- Up to 40% of the cost for a repower with new diesel or alternate fueled (e.g., CNG, propane, hybrid) engines or generator sets, including the costs of installation,
- Up to 25% of the cost for a new diesel or alternate fueled (e.g., CNG, propane, Hybrid) freight switcher,
- Up to 75% of the cost for a repower with new all-electric engines, including the costs of installation and associated charging infrastructure, and
- Up to 75% of the cost for new all-electric freight switchers, including associated charging infrastructure.

Eligible expenditures established under the Consent Decree for Government Owned Freight Switchers:

- Up to 80% of the cost for a repower with new diesel or alternate fueled (e.g., CNG, propane, hybrid) engines or generator sets, including the costs of installation,
- Up to 80% of the cost for a new diesel or alternate fueled (e.g., CNG, propane, hybrid) freight switcher,
- Up to 80% of the cost for a repower with new all-electric engines, including the costs of installation and associated charging infrastructure, and
- Up to 80% of the cost for new all-electric freight switchers, including associated charging infrastructure.

### Commercial Marine Vessels

Commercial marine vessels emitted 10,329 tons or 6% of all mobile source NOx emissions in Alabama during 2014<sup>1</sup>.

**Eligible Project Types:** ferries or tugs, and shorepower for ocean-going vessels.

- Eligible ferries or tugs include unregulated, Tier 1, or Tier 2 marine engines. 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. Eligible marine shorepower comprises systems that enable a compatible vessel's main and auxiliary engines to remain off while the vessel is at berth, and include cables, cable management systems, shore power coupler systems, distribution control systems, and power distribution.

Eligible expenditures established under the Consent Decree for Non-government Owned Eligible Ferries or Tugs and Shore Power for Ocean-going Vessels:

- Up to 40% of the cost of a repower with a new diesel or alternate fueled (e.g., CNG, propane, hybrid) engines, including the costs of installation of the engines for ferries or tugs,

<sup>1</sup>EPA exhaust emission standard data: <http://www.epa.gov/emission-standards-reference-guide>

- Up to 75% of the cost of a repower with new all-electric engines, including the costs of installation and associated charging infrastructure,
- Up to 25% for the costs associated with the shore-side system, including cables, cable management systems, shore power coupler systems, distribution control systems, installation, and power distribution systems.

Eligible expenditures established under the Consent Decree for Government Owned Eligible Ferries or Tugs and Shore Power for Ocean-going Vessels:

- Up to 80% of the cost of a repower with new diesel or alternate fueled (e.g., CNG, propane, hybrid) engines, including the costs of installation,
- Up to 80% of the cost of a repower with new all-electric engines, including the costs of installation and associated charging infrastructure, and
- Up to 80% for the costs associated with the shore-side system, including cables, cable management systems, shore power coupler systems, distribution control systems, installation, and power distribution systems.

### Light Duty Zero Emission Vehicle Supply Equipment

Light duty vehicles emitted 59,966 tons or 36% of all mobile source NO<sub>x</sub> emission in during 2014<sup>1</sup>. Charging infrastructure investments would expedite the deployment of zero emission vehicles (ZEVs) and help mitigate the largest source of NO<sub>x</sub> emissions in Alabama.

**Eligible Project Types:** Level 2 or D.C. “fast” electric vehicle supply equipment, light duty hydrogen fuel cell vehicle supply equipment

- Eligible light duty zero emission vehicle (ZEV) supply equipment includes Level 2 or D.C. 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);
- Eligible hydrogen fuel cell vehicle supply equipment includes hydrogen dispensing equipment capable of dispensing hydrogen at a pressure of 70 megapascals (or analogous successor technologies) that is located in a public place.

Eligible expenditures established under the Consent Decree for purchase and installation of Eligible ZEV Supply Equipment:

- Up to 100% of the cost to purchase eligible light duty electric vehicle supply equipment that will be available to the public at a government owned property,

<sup>1</sup>EPA exhaust emission standard data: <http://www.epa.gov/emission-standards-reference-guide>

- Up to 80% of the cost to purchase eligible light duty electric vehicle supply equipment that will be available to the public at a nongovernment owned property,
- Up to 60% of the cost to purchase eligible light duty electric vehicle supply equipment that will be available at a workplace or multi-unit dwelling but not to the general public,
- Up to 33% of the cost to purchase eligible hydrogen fuel cell vehicle supply equipment capable of dispensing at least 250 kilograms per day (kg/day) that will be available to the public, and
- Up to 25% of the cost to purchase eligible hydrogen fuel cell vehicle supply equipment capable of dispensing at least 100 kg/day that will be available to the public.

### Diesel Emission Reduction Act (DERA) Option

The tons or percentage of NO<sub>x</sub> emitted is dependent on the actual source or sector. The anticipated emissions reduction is dependent on the source and actual project type.

Potential heavy-duty diesel emission source types not specifically enumerated in the Trust Agreement but eligible for funding through DERA include, but are not limited to:

- Long-haul locomotives
- Non-road engines, equipment, and vehicles used in:
  - Agriculture
  - Construction
  - Cargo Handling (includes ports and airports)
  - Energy production
  - Mining

Potentially eligible diesel reduction mitigation projects may include:

- Exhaust controls
- Engine upgrades
- Cleaner fuel use
- Verified idle reduction technologies (e.g., truck stop electrification)
- Verified aerodynamic technologies and verified low rolling resistance tires
- Vehicle and equipment replacement including replacement with newer cleaner diesel or hybrid or alternative fuel equipment/vehicles
- Clean alternative fuel conversions

This is not an exhaustive list of source types and projects eligible for funding under Alabama's DERA State Clean Diesel Grant Program.

Any source type applying for grant funding will be subject to the requirements of the DERA State Clean Diesel Grant Program, including but not limited to general eligibility, project evaluation criteria, eligible project and administrative expenditures, cost-share, and funding restrictions.

<sup>1</sup>EPA exhaust emission standard data: <http://www.epa.gov/emission-standards-reference-guide>

## Impact on Air Quality in Areas that Bear a Disproportionate Share of Air Pollution Burden

Areas that bear a disproportionate share of the air pollution burden in Alabama will be given priority for project funding. These areas include EPA designated non-attainment and maintenance areas for air quality and locations near busy urban areas and highways, industrial development, rail yards, bus terminals, airports, or ports. Proximity of proposed projects to vulnerable populations, such as day cares, schools, senior centers, and hospitals will also result in additional scoring priority during the application evaluation process.

## Expected Ranges of Emission Benefits

The retrofit, repower, or replacement of eligible vehicles and equipment may provide a wide range of emission benefits based on many variables, including the type of vehicle or engine replaced, the initial age of the engine, and the engine power rating.

Based on current EPA exhaust emission standards for NOx<sup>1</sup>:

- Heavy duty highway vehicles may provide up to a 96% reduction in NOx emissions per vehicle, based on replacing a model year 1992 engine with a model year 2007 engine;
- Non-road equipment replacements, depending on the type of equipment and engine power rating, may provide between a 20% and 95% reduction in NOx emissions for each engine;
- Locomotives, replacing the oldest (Tier 0) engine with the newest (Tier 4) engine, may provide up to an 89% NOx reduction per engine;
- Commercial marine vessels, an upgrade or repower of a ferry or tug engine, may provide up to an 80% NOx reduction for each vessel; and
- Shorepower projects may reduce all NOx exhaust emissions from many ocean-going vessels.

Expected benefits include, but are not limited to:

- Tons of pollution reduced over the lifetime of the engines/vehicles and/or equipment, specifically, NOx, PM2.5, GHGs such as CO2 and black carbon,
- Net avoided diesel or gasoline used,
- Improved ambient air quality and human health in communities located in nonattainment areas, in areas with historical air quality issues, or in areas that bear a disproportionate share of the air pollution burden, as well as benefits to the local economy, and the welfare of residents in such communities, and

<sup>1</sup>EPA exhaust emission standard data: <http://www.epa.gov/emission-standards-reference-guide>

- Reduced public exposure to diesel particulate matter, which EPA has classified as a likely human carcinogen.

## Program Administration

### Funding Reserve

The Trust Agreement allows the state to use up to 15 percent of Beneficiary Mitigation Trust (BMT) Funds to cover administrative expenses incurred in the administration of the Beneficiary Mitigation Plan. Administrative expenses must be directly linked to specific mitigation actions. The 15 percent limit includes the total administrative expenses incurred by the state and any third-party contractor(s). Alabama will reserve 15 percent of the total allocation of BMT Funds to cover administrative expenses; however, if actual administrative expenses do not reach the amount set aside, any remaining funds will be reallocated for eligible mitigation actions.

### Application Process

It is ADECA's intent to publish an initial Request for Applications (RFA) within the quarter following submission of this Beneficiary Mitigation Plan to the Trustee. Eligible applicants will include both governmental and non-governmental entities located within the state of Alabama, including Federal agencies that have custody, control, or management of land in Alabama. An application workshop will be held at the Alabama Center for Commerce in Montgomery on a date to be determined after release of the RFA and before applications are due. Applicants will be given specific instructions for completing applications along with information on regulations and requirements for award. Applications received by ADECA will be evaluated and scored by an experienced application review team according to predetermined criteria published in the RFA.

### Grants Management

Each project funded with VW Settlement Mitigation Trust Funds will be assigned to an ADECA Energy Division Program Manager who will provide assistance and oversight to the subrecipient. Subrecipients will be required to follow requirements of the VW Environmental Mitigation Trust Agreement and all applicable state laws and regulations. Project performance and financial reports will be required in a format and on a schedule to be specified in the grant agreement. Projects funded through the Trust will be monitored by ADECA Energy Division personnel to ensure compliance.

### Property Management

Equipment purchased with Trust Funds shall be managed in accordance with guidance developed by the ADECA Energy Division and published in the ADECA Energy Division's *Property Management Manual for Volkswagen (VW) Settlement Beneficiary Mitigation Funds*. This guidance requires that equipment purchased with VW Settlement Mitigation Trust Funds be used for the intended purpose and in the same area for a minimum of five years from the date of acquisition. Such equipment shall be tagged and maintained in the ADECA Property Management Inventory System and will be subject to annual inventory verification during this time period.

As specified in the Trust Agreement, all vehicles replaced using VW Mitigation Trust funds must be scrapped. "Scrapped" means to render inoperable and available for recycle, and, at a minimum, to

<sup>1</sup>EPA exhaust emission standard data: <http://www.epa.gov/emission-standards-reference-guide>

specifically cut a 3-inch hole in the engine block for all engines. If any eligible vehicle is replaced as part of an eligible project, scrapped will also include the disabling of the chassis by cutting the vehicle's frame rails completely in half. Remaining parts and scrap metal may be sold with proceeds benefiting the Subrecipient. Scrapage will be verified by the ADECA Energy Division.

## 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).

**“Annual Inventory Verification”** shall mean a process conducted by ADECA to verify the location, use, and condition of equipment purchased with VW Settlement Mitigation Funds.

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

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

**“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.

**“Consent Decree”** shall mean the First Partial Consent Decree in *In re: Volkswagen “Clean Diesel” Marketing, Sales Practices, and Products Liability Litigation*, MDL No.2672 CRB (JSC) (Dkt. No. 2103-1), and the Second Partial Consent Decree in that case (Dkt. No. 3228-1).

**“Drayage Trucks”** shall mean trucks hauling cargo to and from ports and intermodal rail yards.



**“Eligible Applicant”** shall mean governmental and non-governmental entities located within the state of Alabama, including Federal agencies with custody, control, or management of land in Alabama.

**“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, and owning fleets purchased with government funds).

**“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: < 6,000 lb.

Class 2: 6,001-10,000 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.

**“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

<sup>1</sup>EPA exhaust emission standard data: <http://www.epa.gov/emission-standards-reference-guide>

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.

**“Subrecipient”** shall mean the entity receiving Volkswagen Settlement Beneficiary Mitigation Trust Funds through a grant from the ADECA Energy Division.

**“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).