

Volkswagen Application Guide
Volkswagen Settlement Eligible Mitigation Action Item
Projects



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2020 Grant Application Guidelines

Applications shall be submitted in PDF format by email to vwsettlement@adeca.alabama.gov. Applications will be accepted starting on June 15, 2020. Completed applications must be submitted by 11:59 PM, CST, on August 31, 2020. Any applications received after the deadline will not be considered. All applications must be complete; however, ADECA reserves the right to contact applicants for additional information and/or clarifications.

Note: Applicants looking to upgrade equipment in multiple Eligible Mitigation Action Items, MUST submit separate applications. Each application MUST contain equipment that is eligible under ONLY ONE Mitigation Action Item Category.

The purpose of this grant program is to fund projects to reduce levels of nitrogen oxides (NOx) within the state of Alabama. The successful respondent to this application will be responsible for implementing their submitted project based on the goals established in the *Alabama Volkswagen Settlement Beneficiary Mitigation Plan*.

The ADECA Energy Division intends to issue awards totaling no more than \$5,810,000.

Eligibility

Eligible applicants are Government and Non-Government entities in Alabama looking to upgrade equipment approved by the Volkswagen Settlement as Eligible Mitigation Actions in order to reduce NOx emissions.

Volkswagen Program Goals

1. 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.

2. 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 the Volkswagen Program.

3. 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.

4. Benefit Areas that Bear a Disproportionate Share of the 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.

Eligible Mitigation Action Items and Required Match Amounts

1. On-Road Heavy Duty Vehicles

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.

Required Match Amounts for Non-Government Owned Eligible Local Freight Truck and Eligible Buses:

- 60% 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,
- 75% of the cost of a new diesel or alternate fueled (e.g., CNG, propane, hybrid) vehicle,
- 25% 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
- 25% of the cost of a new all-electric vehicle, including charging infrastructure associated with the new all-electric vehicle.

Required Match Amounts for Non-Government Owned Eligible Drayage Trucks:

- 60% 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,
- 50% of the cost for a new diesel or alternate fueled (e.g., CNG, propane, hybrid) vehicle,
- 25% 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
- 25% of the cost for a new all-electric vehicle, including charging infrastructure associated with the new all-electric vehicle.

Required Match Amounts for Government Owned Eligible Freight Trucks, Eligible Buses, and Privately-Owned School Buses Under Contract with a Public-School District:

- 20% 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,
- 20% of the cost of a new diesel or alternate fueled (e.g., CNG, propane, hybrid) vehicle,
- 20% 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
- 20% of the cost of a new all-electric vehicle, including charging infrastructure associated with the new all-electric vehicle.

2. Non-Road Equipment

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

- Eligible airport ground support equipment includes Tier 0, Tier 1, or Tier 2 diesel powered airport ground support equipment, and uncertified, or certified to 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.

Required Match Amounts for Non-Government Owned Eligible Airport Ground Support Equipment, and Forklifts and Port Cargo Handling Equipment:

- 25% 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
- 25% of the cost of new all-electric equipment, including charging infrastructure associated with the new all-electric equipment.

Required Match Amounts for Government Owned Eligible Airport Ground Support Equipment, and Forklifts and Port Cargo Handling Equipment:

- 20% 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
- 20% of the cost of new all-electric equipment, including charging infrastructure associated with the new all-electric equipment.

3. Locomotives

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.

Required Match Amounts for Non-Government Owned Freight Switchers:

- 60% 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,
- 75% of the cost for a new diesel or alternate fueled (e.g., CNG, propane, hybrid) freight switcher,
- 25% of the cost for a repower with new all-electric engines, including the costs of installation and associated charging infrastructure, and
- 25% of the cost for new all-electric freight switchers, including associated charging infrastructure.

Required Match Amounts for Government Owned Freight Switchers:

- 20% 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,
- 20% of the cost for a new diesel or alternate fueled (e.g., CNG, propane, hybrid) freight switcher,
- 20% of the cost for a repower with new all-electric engines, including the costs of installation and associated charging infrastructure, and
- 20% of the cost for new all-electric freight switchers, including associated charging infrastructure.

4. Commercial Marine Vessels

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.

Required Match Amounts for Non-Government Owned Eligible Ferries or Tugs and Shore Power for Ocean-going Vessels:

- 60% 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,
- 25% of the cost of a repower with new all-electric engines, including the costs of installation and associated charging infrastructure,
- 75% 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.

Required Match Amounts for Government Owned Eligible Ferries or Tugs and Shore Power for Ocean-Going Vessels:

- 20% of the cost of a repower with new diesel or alternate fueled (e.g., CNG, propane, hybrid) engines, including the costs of installation,
- 20% of the cost of a repower with new all-electric engines, including the costs of installation and associated charging infrastructure, and
- 20% 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.

QUESTIONS

Questions pertaining to this Application and Guide may be submitted by email to vwsettlement@adeca.alabama.gov.

For additional information on the Volkswagen Settlement, visit our website at <http://www.adeca.alabama.gov/Divisions/energy/vw/Pages/default.aspx>.

APPLICATION EVALUATION

Applications shall be evaluated on the following criteria

VW Review Sheet

Category: **Volkswagen Settlement Eligible Mitigation Action Item Projects** Reviewer: _____

Applicant: _____ Date: _____

Mitigation Action Item: _____

Requested Award Amount: \$ _____ Proposed Match Amount: \$ _____

REQUIREMENTS	Notes
Proposed Project is eligible under one of the Mitigation Action Items	Y <input type="checkbox"/> N <input type="checkbox"/>
Proposed match meets or exceeds percentage required	Y <input type="checkbox"/> N <input type="checkbox"/>
Grant application Sections A-D are complete	Y <input type="checkbox"/> N <input type="checkbox"/>
Applicant agrees to scrap replaced equipment/vehicle	Y <input type="checkbox"/> N <input type="checkbox"/>
Applicant agrees to maintain Property Management for purchased/repowered equipment/vehicles	Y <input type="checkbox"/> N <input type="checkbox"/>
Applicant submitted the organization's most recent audit	Y <input type="checkbox"/> N <input type="checkbox"/>

Section B: Project Budget (20 possible points)	Max	Score
Proposed Match meets or exceeds percentage required	Y <input type="checkbox"/> N <input type="checkbox"/>	<u>5</u>
Expenses are included in the appropriate budget categories and are reasonable	Y <input type="checkbox"/> N <input type="checkbox"/>	<u>5</u>
The applicant leveraged additional funds/programs/partnerships for this project	Y <input type="checkbox"/> N <input type="checkbox"/>	<u>10</u>

Section C: Risk Assessment (15 possible points)	Max	Score																
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; padding: 5px;"><u>Risk Assessment Score</u></th> <th style="text-align: center; padding: 5px;"><u>Score</u></th> <th style="text-align: left; padding: 5px;"><u>Risk Assessment Score</u></th> <th style="text-align: center; padding: 5px;"><u>Score</u></th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;">Excellent 0 – 5 points</td> <td style="text-align: center; padding: 5px;">15</td> <td style="padding: 5px;">Moderate Risk 16 - 20 points</td> <td style="text-align: center; padding: 5px;">6</td> </tr> <tr> <td style="padding: 5px;">Good Standing 6 - 10 points</td> <td style="text-align: center; padding: 5px;">12</td> <td style="padding: 5px;">High Risk ≥ 21 points</td> <td style="text-align: center; padding: 5px;">3</td> </tr> <tr> <td style="padding: 5px;">Average Risk 11 - 15 points</td> <td style="text-align: center; padding: 5px;">9</td> <td style="padding: 5px;">Not submitted</td> <td style="text-align: center; padding: 5px;">0</td> </tr> </tbody> </table>	<u>Risk Assessment Score</u>	<u>Score</u>	<u>Risk Assessment Score</u>	<u>Score</u>	Excellent 0 – 5 points	15	Moderate Risk 16 - 20 points	6	Good Standing 6 - 10 points	12	High Risk ≥ 21 points	3	Average Risk 11 - 15 points	9	Not submitted	0	<u>15</u>	
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Section D: Project Detail and NOx Savings Information (65 possible points)	Max	Score
The Project Description is complete and replaces/repowers an Eligible Mitigation Action Item	Y <input type="checkbox"/> N <input type="checkbox"/>	<u>5</u>
The project benefits are reflective of the Volkswagen Settlement goals	Y <input type="checkbox"/> N <input type="checkbox"/>	<u>15</u>
The project benefits areas that share a disproportionate share of the air pollution burden and/or vulnerable population areas	Y <input type="checkbox"/> N <input type="checkbox"/>	<u>5</u>
The project is sustainable both in a local setting and if the equipment will be used for travel	Y <input type="checkbox"/> N <input type="checkbox"/>	<u>10</u>
The qualifications and experience of the staff is reflective of the project roles	Y <input type="checkbox"/> N <input type="checkbox"/>	<u>5</u>
The applicant's plan for scrappage meets the requirements of the Mitigation Trust	Y <input type="checkbox"/> N <input type="checkbox"/>	<u>5</u>
The project plan deliverables represent a complete project	Y <input type="checkbox"/> N <input type="checkbox"/>	<u>5</u>
NOx Emissions Calculations reflect a significant improvement in NOx discharge	Y <input type="checkbox"/> N <input type="checkbox"/>	<u>15</u>

Total Points: 100

NOTES:

The Energy Division has the right to reject incomplete applications without review

Criteria evaluated with a "Y" will be allotted a Score ranging from 1 to the maximum points indicated