



North Dakota Department of Environmental Quality Volkswagen Emission Mitigation Program Guidance

The guidance provided in this document is based on the information and requirements of the Environmental Mitigation Trust Agreement for State Beneficiaries, filed October 2, 2017 (modified February 28, 2019), and North Dakota's mitigation plan for the Volkswagen Environmental Mitigation Trust Agreement. This document is intended to be a guide to assist in applying for Volkswagen Settlement funding. Details not addressed in this guidance document are still applicable per settlement requirements. The trust agreement document can be found at:

https://www.vwenvironmentalmitigationtrust.com/sites/default/files/2019-04/Modified%20State%20Trust%20Agreement_1.pdf

Information about the Volkswagen Settlement in North Dakota, as well as the State's mitigation plan, can be found at:

<https://deq.nd.gov/AQ/planning/VW.aspx>

Introduction

North Dakota's allocation of the Environmental Mitigation Trust Fund for the Volkswagen Settlement is \$8,125,000. The primary goal of the settlement is to reduce NO_x emissions. As the designated "Beneficiary" for the State of North Dakota, the North Dakota Department of Environmental Quality (NDDEQ) will administer a program to complete projects that reduce NO_x emissions from mobile sources of air pollution. Projects will primarily include the replacement or repower of vehicles and equipment, and the installation of electric vehicle charging equipment.

The Volkswagen Settlement allows Beneficiaries (NDDEQ) to request up to one-third of their total allocation during the first year of the program, or up to two-thirds of the allocation during the first two years of the program to complete eligible mitigation projects. The Volkswagen Settlement funding was required to be included in NDDEQ's proposed budget for the 2019 North Dakota legislative session. Upon completion of the session, the Legislature determined that the NDDEQ's spending authority for the program will be \$5,399,529 over the first two years of the program. Therefore, during this first year of the program, it is anticipated that the NDDEQ will have approximately \$2,700,000 available to fund projects.

This is an annual, competitive application process. Upon being selected for project funding, applicants will enter into a contract with the NDDEQ. The contract will state the funding amount and include any additional necessary conditions. Applicants selected for funding will have two years to complete their project(s).

Who Can Apply

Eligible applicants include government and non-government entities. For this program, 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). Non-government entities include for profit businesses and non-profit organizations identified as having a tax-exempt declaration of from the Internal Revenue Service.

Eligible Projects

Applicants may request funds from the Environmental Mitigation Trust for projects that fit into one of the eligible mitigation action categories. The goal of each eligible category is to reduce NO_x emissions. As outlined in North Dakota's mitigation plan, the following eligible mitigation action categories will be eligible for funding during the first year of the program:

Category	Eligible Mitigation Action
1	Class 8 Eligible Large Trucks
2	Class 4-8 Eligible Buses
3	Freight Switchers
6	Class 4-7 Eligible Medium Trucks
7	Airport Ground Support Equipment
8	Forklifts and Port Cargo Handling Equipment
9	Light Duty Zero Emission Vehicle Supply Equipment

Details of each category and the reimbursement rates associated with each project is outlined as follows:

Category 1 – Local Freight Trucks and Port Drayage Trucks (Large Trucks)

- Repower or replacement of vehicles 33,001 pounds and larger.
- Eligible large trucks include 1992–2009 engine model year Class 8 vehicles.
- Examples include, but may not be limited to cement mixers, dump trucks, fire trucks, and large (tour type) buses.
- Long haul trucks are **not** eligible under this mitigation action.
- The replaced large truck must be scrapped.
- Replaced engines must be scrapped.
- Eligible large trucks may be repowered or replaced with any new diesel, alternate fuel, or all electric vehicle, with an engine model year in which the mitigation action occurs or one engine model year prior.
- For **non-Government owned** eligible Class 8 Local Freight Trucks, the reimbursement rates are as follows:

- i. Up to 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
 - ii. Up to 13% of the cost of a new diesel or alternate fueled (e.g. CNG, propane, hybrid) vehicle
 - iii. Up to 38% 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
 - iv. Up to 38% of the cost of a new all-electric vehicle, including charging infrastructure associated with the new all-electric vehicle
- For ***non-Government owned*** eligible Class 8 Drayage Trucks, the reimbursement rates are as follows:
 - i. Up to 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
 - ii. Up to 25% of the cost of a new diesel or alternate fueled (e.g. CNG, propane, hybrid) vehicle
 - iii. Up to 38% 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
 - iv. Up to 38% of the cost of a new all-electric vehicle, including charging infrastructure associated with the new all-electric vehicle
- For ***Government owned*** eligible Class 8 Large Trucks, the reimbursement rates are as follows:
 - i. Up to 50% 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
 - ii. Up to 50% of the cost of a new diesel or alternate fueled (e.g. CNG, propane, hybrid) vehicle
 - iii. Up to 50% 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
 - iv. Up to 50% of the cost of a new all-electric vehicle, including charging infrastructure associated with the new all-electric vehicle

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

- Repower or replacement of Class 4–8 school, shuttle, or transit buses 14,001 pounds and larger.

- Eligible buses include those with an engine model year 2009 and older.
- The replaced bus must be scrapped.
- Replaced engines must be scrapped.
- Eligible buses may be repowered or replaced with any new diesel, alternate fuel, or all electric bus, with an engine model year in which the mitigation action occurs or one engine model year prior.
- For **non-Government owned** eligible buses, the reimbursement rates are as follows:
 - i. Up to 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
 - ii. Up to 13% of the cost of a new diesel or alternate fueled (e.g. CNG, propane, hybrid) vehicle
 - iii. Up to 38% 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
 - iv. Up to 38% of the cost of a new all-electric vehicle, including charging infrastructure associated with the new all-electric vehicle
- For **Government owned** eligible buses, and privately-owned school buses under contract with a public school district, the reimbursement rates are as follows:
 - i. Up to 50% 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
 - ii. Up to 50% of the cost of a new diesel or alternate fueled (e.g. CNG, propane, hybrid) vehicle
 - iii. Up to 50% 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
 - iv. Up to 50% of the cost of a new all-electric vehicle, including charging infrastructure associated with the new all-electric vehicle

Category 3- Freight Switchers

- Repower or replacement of pre-Tier 4 switcher locomotives that operate 1,000 or more hours per year.
- The replaced freight switcher must be scrapped.
- Replaced engines must be scrapped.

- Eligible freight switchers may be repowered or replaced with any new diesel, alternate fueled, or all 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 Code of Federal Regulations (CFR) for the engine model year in which the eligible freight switcher mitigation action occurs.
- For ***non-Government owned*** freight switchers, the reimbursement rates are as follows:
 - i. Up to 20% 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
 - ii. Up to 13% of the cost of a new diesel or alternate fueled (e.g. CNG, propane, hybrid) freight switcher
 - iii. Up to 38% 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)
 - iv. Up to 38% of the cost of a new all-electric freight switcher, including charging infrastructure associated with the new all-electric freight switcher
- For ***Government owned*** eligible freight switchers, the reimbursement rates are as follows:
 - i. Up to 50% 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)
 - ii. Up to 50% of the cost of a new diesel or alternate fueled (e.g. CNG, propane, hybrid) freight switcher
 - iii. Up to 50% 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)
 - iv. Up to 50% of the cost of a new all-electric freight switcher, including charging infrastructure associated with the new all-electric freight switcher

Category 6 - Class 4–7 Local Freight Trucks (Medium Trucks)

- Repower or replacement of vehicles 14,001 to 33,000 pounds
- Eligible medium trucks include 1992–2009 engine model year Class 4–7 vehicles.
- Examples include, but may not be limited, to delivery/walk in vehicles, bucket trucks, fuel delivery trucks, garbage trucks, and city transit buses.

- The replaced medium truck must be scrapped.
- Replaced engines must be scrapped.
- Eligible medium trucks may be repowered or replaced with any new diesel, alternate fuel, or all electric vehicle, with an engine model year in which the mitigation action occurs or one engine model year prior.
- For ***non-Government owned*** eligible medium trucks, the reimbursement rates are as follows:
 - i. Up to 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
 - ii. Up to 13% of the cost of a new diesel or alternate fueled (e.g. CNG, propane, hybrid) vehicle
 - iii. Up to 38% 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
 - iv. Up to 38% of the cost of a new all-electric vehicle, including charging infrastructure associated with the new all-electric vehicle
- For ***Government owned*** eligible medium trucks, the reimbursement rates are as follows:
 - i. Up to 50% 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
 - ii. Up to 50% of the cost of a new diesel or alternate fueled (e.g. CNG, propane, hybrid) vehicle
 - iii. Up to 50% 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
 - iv. Up to 50% of the cost of a new all-electric vehicle, including charging infrastructure associated with the new all-electric vehicle

Category 7 - Airport Ground Support Equipment

- Repower or replacement of Tier 0, Tier 1, or Tier 2 diesel powered airport ground support equipment, and uncertified or certified to 3 g/bhp-hr or higher emissions, spark ignition engine power airport ground support equipment.
- The replaced airport ground support equipment must be scrapped.

- 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.
- For ***non-Government owned*** eligible airport ground support equipment, the reimbursement rates are as follows:
 - i. Up to 38% 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
 - ii. Up to 38% of the cost of a new all-electric airport ground support equipment, including charging infrastructure associated with the new all-electric ground support equipment
- For ***Government owned*** eligible airport ground support equipment, the reimbursement rates are as follows:
 - i. Up to 50% 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
 - ii. Up to 50% of the cost of a new all-electric airport ground support equipment, including charging infrastructure associated with the new all-electric airport ground support equipment

Category 8 - Forklifts and Port Cargo Handling Equipment

- Eligible forklifts include forklifts with greater than 8,000 pounds of lift capacity.
- The replaced forklifts and port cargo handling equipment must be scrapped.
- Eligible forklifts and port cargo handling equipment may be repowered with an all-electric engine or may be replaced with the equipment in an all-electric form.
- For ***non-Government owned*** eligible forklifts and port cargo handling equipment, the reimbursement rates are as follows:
 - i. Up to 38% 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
 - ii. Up to 38% of the cost of a new all-electric forklift or port cargo handling equipment, including charging infrastructure associated with the new all-electric forklift or port cargo handling equipment
- For ***Government owned*** eligible forklifts and port cargo handling equipment, the reimbursement rates are as follows:

- i. Up to 50% 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
- ii. Up to 50% of the cost of a new all-electric forklift or port cargo handling equipment, including charging infrastructure associated with the new all-electric forklift or port cargo handling equipment

Category 9 – Light Duty Zero Emission Vehicle Supply Equipment

Up to fifteen percent (15%) of the total allocation of Trust funds may be used 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. 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).

- Light duty electric vehicle supply equipment includes Level 2 or fast charging equipment (or analogous successor technologies) 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).
- 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) located in a public place.

Subject to the 15% limitation above, the reimbursement rates are as follows:

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.

When requesting funds for your proposal, please state the correct amount based on the reimbursement allowed for each category.

Scoring

The NDDEQ will utilize a competitive approach in selecting projects to be funded. Project proposals will be evaluated in terms of the goals and requirements of the settlement. The projects to be considered must fall into one of the eligible mitigation action categories and will be evaluated based upon the scoring systems outlined in the application forms.

Scrapping Requirements

The completion of an eligible vehicle replacement and/or engine repower project requires the scrapping of an old vehicle or engine per settlement requirements. Use of funds from this program to expand an existing fleet is not allowed. Scrapping means 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 vehicles are replaced as part of an eligible project, scrapping shall also include the disabling of the chassis by cutting the vehicle's frame rails completely in half. The item being replaced shall be scrapped within 90 days of receiving the new item purchased with settlement funds. Submission of a certification of scrapping form provided by the NDDEQ will be required prior to receiving reimbursement.

Schedule of Events

The following represents the NDDEQ's estimate of the schedule of events for implementing the program.

Application Deadline	October 25, 2019, 5:00 PM
Application Evaluation Process	October-November 2019
NDDEQ Notifies Applicants of Results	November-December 2019
Project and Budget Period	2 years following the contract date
End Date	2 years after the contract date

How to Apply

Two separate applications are available on the NDDEQ's website:
<https://deq.nd.gov/AQ/planning/VW.aspx>.

1. Vehicle Replacement or Engine Repower Projects (Project Categories 1-3 and 6-8), and
2. Light Duty Zero Emission Vehicle Supply Equipment (Project Category 9)

When filling out and submitting your application, please include all required supplemental information requested in each application. Each application will state what is required.

All applications must be received by the NDDEQ by 5:00 pm on October 25, 2019 to be considered.

Applications may be mailed to the address below:

North Dakota Department of Environmental Quality
Air Quality Division
918 E. Divide Ave., 2nd Floor
Bismarck, ND 58501

Applications may also be emailed to airquality@nd.gov.

If you have any questions, please contact either Keith Hinnenkamp (khinnenk@nd.gov) or Angie Seligman (aseligman@nd.gov) via email or phone (701-328-5188).

Receiving Reimbursement

Upon project completion, the following must be submitted to the NDDEQ to receive reimbursement:

1. Invoice for new item(s) purchased.
2. Certification of scrappage for replaced item(s) (NDDEQ will provide form).
3. Photos as follows:
 - a. Side profile of vehicle(s) being scrapped
 - b. VIN plate of the vehicle(s) being scrapped
 - c. Engine tag of the vehicle(s)/engine(s) being scrapped showing the engine serial number and EPA engine family name
 - d. Vehicle(s) chassis rails cut in half
 - e. Engine block(s) prior to hole being drilled or engine destruction
 - f. Engine block(s) after hole has been drilled or engine destruction
 - g. Photo of completed charging site (for Category 9 projects)

Photos must be submitted as jpeg files. Submit only the requested photos. Do not submit extras.