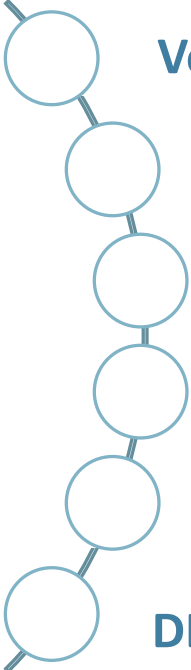


# Missouri's Volkswagen (VW) Trust Fund/ Diesel Emissions Reduction Act (DERA)



East-West Gateway Meeting  
June 25, 2024

# Overview

- 
- Volkswagen Trust Program Background**
  - Beneficiary Mitigation Plan**
  - Volkswagen Trust Program Progress**
  - Summary of VW Projects and Funding**
  - Diesel Emissions Reduction Act (DERA)**
  - DERA Status Update**

# Volkswagen (VW) Trust Program Background

- In 2015, VW admitted using software that caused certain diesel vehicles to perform differently during emissions tests so they would pass.
- American consumers bought 590,000 affected VW and Audi vehicles.
- Missourians bought 7,500 affected vehicles.
- During normal operation, these vehicles emitted nitrogen oxides (NO<sub>x</sub>) at levels higher than EPA standards.

# Volkswagen (VW) Trust Program Background

- Volkswagen paid \$2.9 billion to an environmental mitigation trust fund
- Missouri's share of trust: \$41 Million
- State to use funds to mitigate excess NO<sub>x</sub> emissions from faulty VW vehicles.

## Beneficiary Mitigation Plan

- States had to submit a plan to the Trustee. This plan is called the Beneficiary Mitigation Plan (BMP). The department developed the plan with stakeholder input.
- The program carefully analyzed the information received from the BMP update survey. Based on input from the stakeholders, this update restructured Missouri's original funding categories to facilitate the redistribution of funding between categories.
- The department developed a 10-year BMP for awarding more than \$41 million to Missouri projects by October 2027.

## BMP Overall Goals

- Reduce NO<sub>x</sub> emissions from mobile sources.
- Additional Goals:
  - Replace aging school bus fleets
  - Reduce diesel fuel consumption
  - Upgrade government and private fleets
  - Target areas that currently or historically have not met air quality goals
  - Target areas with affected VW vehicles
  - Promote Electric Vehicles (EVs)

## Original BMP Award Categories and Allocations

Award Category	Projects	Funding Level
1	School Buses	\$12 million
2	Government Trucks	\$6 million
3	Transit and Shuttle Buses	\$4 million
4	Non-Government Trucks	\$6 million
5	Locomotive and Marine	\$2 million
6	Airport and Cargo Equipment	\$2 million
7	DERA Option	\$3 million
8	Electric Vehicle Charging Stations	\$6 million

# 2021 Updated BMP Award Categories

Transit and Shuttle Buses



Locomotive and Marine



Airport and Cargo Equipment



Government Trucks



Nongovernment Trucks



## ➤ OTHER Category

Consolidate these three categories to form the Other Category.

Any project eligible under the Consent Decree but which does not have another category to apply under, will be considered eligible under this category.

## ➤ TRUCKS Category

Consolidate these two categories to form the Medium- and Heavy-Duty Trucks category.

This new category includes these subcategories:

- Government-owned
- Nongovernment-owned
- Emergency Vehicles



## 2021 Updated BMP Award Categories

Vehicle Replacement Programs	Project Categories	Remaining Amounts by Category in 2021 Update
	School Buses	\$4.1 million
	Trucks (medium- and heavy-duty)	\$5 million
	Other Eligible Projects	\$1 million
	DERA Option	\$2.4 million
Electric Vehicle Charging Stations		\$4.7 million

**Trucks Category** includes:

- Government-owned
- Nongovernment-owned
- Emergency Vehicles

**Other Eligible Projects Category:**

Any project eligible under the Consent Decree but which does not have another category to apply under, is considered eligible under this category.

## Total Funding Allocated as of June 2024 by BMP Project Category

Award Category	Projects	Total Funding Awarded*
1	School Buses	~\$12.0 million
2	Government Trucks	~\$8.4 million
3	Transit and Shuttle Buses	~\$2.1 million
4	Non-Government Trucks	~\$6.8 million
5	Locomotive and Marine	~\$1.5 million
6	Airport and Cargo Equipment	~\$0.4 million
7	DERA Option	~\$1.5 million
8	Electric Vehicle Charging Stations	~\$5.5 million

\* Totals Include Pending and Completed Projects

## Remaining Unallocated Funding as of June 2024

Project Categories	Unallocated Funding Remaining as of June 2024
All other categories: School Buses, Trucks, Other, and EV Charging Stations	\$1.9 million
DERA Option	\$0.9 million
Interest Earned thru Trust	\$2.3 million
<b>* Total Unallocated Funding:</b>	<b>\$5.0 million</b>

\* Total does not add exactly due to rounding

## Plan for Remaining Unallocated Funds

- 2021 BMP update included contingencies to move project categories into the “other” category and shift funds to more popular categories
- The department continues to utilize VW Trust funds for the federal DERA Grant match to qualify for the federal funding matching bonus
- After the next DERA application period, the Department plans to open one final application period open to all eligible projects under the VW Trust to allocate all remaining funds

## Category: School Buses

- Provided funding for school bus fleet owners to replace up to three buses, plus as many as two more buses if applying for new alternative fuel or all-electric buses.
- As of June 2024, schools and school bus owners have received awards to replace over 280 school buses (including 10 replacements with electric buses).
- Total funding awarded- ~\$12 million



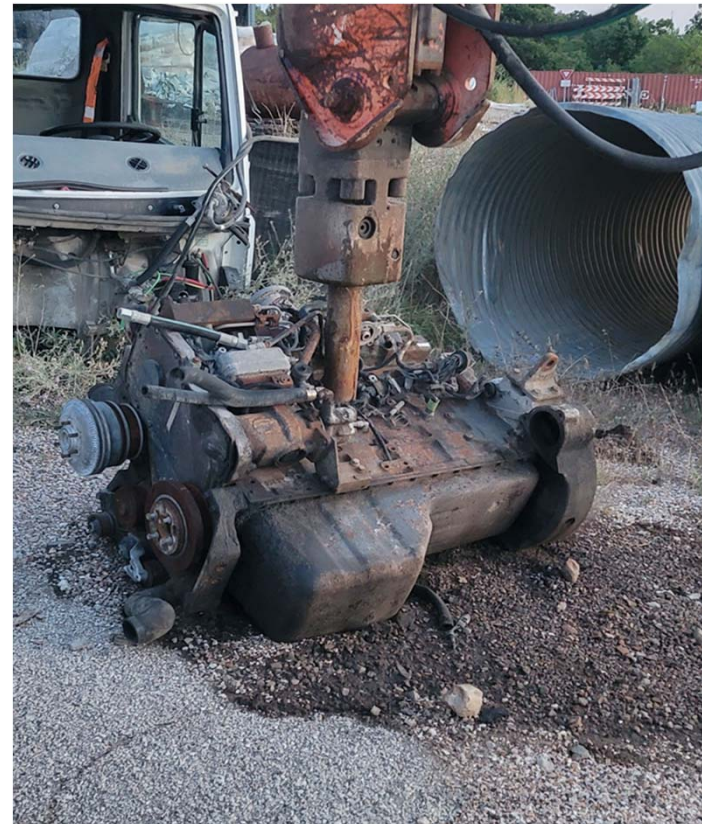
## Category: School Buses (Electric)

- School districts received grants covering 40% of the cost for electric bus/buses. In most cases, additional sources of funding aided in covering bus costs.
- ~\$2 million for electric school buses out of the ~\$12 million awarded for the school bus category.

School District	VW Funding for Number of Bus/Buses
Knox County R-1	1
Lewis County C-1	1
Park Hill	4
Knox County R-1	2
Princeton R-5	1
South Harrison County R-2	1

## Subcategory: Government Trucks

- Funding for Government Trucks started in 2019.
- Large and medium government-owned trucks with engine dates between 1992 to 2009.
- Government agencies have received awards to replace 111 trucks with all awards totaling ~\$8.4 million





## Subcategory: Non-Government Trucks

- Applications for Non-Government Trucks initially started in 2020.
- Large and medium government-owned trucks with engine dates between 1992 to 2009.
- Private fleet owners have received awards to replace 279 trucks with all awards totaling ~\$6.8 million





## Subcategory: Emergency Vehicles

- Provided one-time funding in 2022
- The maximum award amount was set at \$120,000 per project



## Subcategory: Emergency Vehicles

- 12 emergency vehicle replacements were funded for an award total of approximately \$1.4 million.



## Category: “Other”

- The “other” category supported locomotive, marine, airport, cargo, transit, and shuttle projects.
- Provided funding to various projects based upon estimated NOx emissions reductions by either repowering or repurposing diesel engines.
  - Capital Sand Company, Inc., Terminal Consolidation/Kansas City Piggybank, Southwest Airlines, City of St. Louis Airport Authority, Bi-State Development Agency, and City Utilities of Springfield
- Total: approximately \$4 million

## Missouri Volkswagen Electric Vehicle Infrastructure

- Per VW Consent Decree, limited to 15% of overall apportionment
  - Missouri dedicated full 15%
- Worked closely with stakeholders to develop EV infrastructure plan
  - 22 sites on major highways
  - Total funding awarded: approximately \$5.5 million

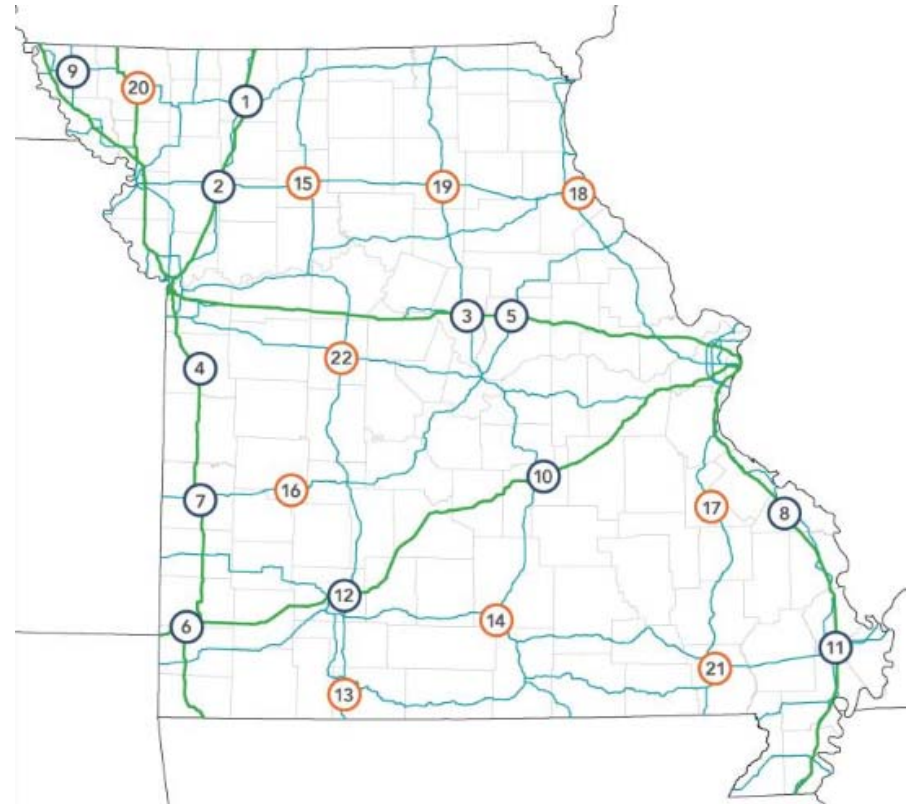
# Missouri Volkswagen EV Infrastructure

**Legend**

- Stage 1 Charging Sites
- Stage 2 Charging Sites
- Designated Alternate Fuels Corridors
- Highways

**Charging Sites**

1. Bethany	7. Nevada	15. Chillicothe
2. Cameron	8. Perryville	16. Collins
3. Columbia	9. Rockport	17. Farmington
4. Harrisonville	10. Rolla	18. Hannibal
5. Kingdom City	11. Sikeston	19. Macon
6. Joplin	12. Springfield	20. Maryville
	13. Branson	21. Poplar Bluff
	14. Cabool	22. Sedalia



## Volkswagen EV Infrastructure – Stage 1

- Beginning in July 2021, provided funding for stage 1 sites on interstates.
- Approximately \$3 million for 12 direct-current fast charging (DCFC) sites.



Fast-Lane Convenience Store; Kingdom City, MO



## Volkswagen EV Infrastructure – Stage 2

- Beginning in July 2022, provided funding for stage 2 sites on highways
- Approximately \$2.5 million for 10 DCFC charging sites
  - All but one of the stage 2 sites are currently online



Thompson Hills Shopping Center; Sedalia, MO

## The Future of EVs Infrastructure

- National Electric Vehicle Infrastructure (NEVI) program:
  - Part of Bipartisan Infrastructure Law (BIL)
  - Dedicates approximately \$100 million for EV infrastructure in Missouri, with a focus on Alternative Fuel Corridors (AFCs)
  - MoDOT as lead agency, state plan available at:
    - <https://www.modot.org/nevi>



## DERA Background

- Congress passed the Diesel Emissions Reduction Act (DERA) in 2005 as an amendment to the U.S. Energy Policy Act.
- The VW Trust-DERA option category is a cost-share program.
- The department maximized the DERA program by aligning it with VW Trust funds to ensure Missouri qualifies for the matching bonus from the federal grant.
- The department used the funding for eligible clean diesel projects.
- Including the planned match for this year's program, the department has spent approximately \$2.4 million from the VW Trust as match for the state DERA grants to qualify for the federal matching bonus.

## Federal DERA Eligible Vehicles/Equipment

- Buses
- Medium-duty or heavy-duty trucks
- Marine engines
- Locomotives
- Nonroad engines, equipment or vehicles used in:
  - Construction
  - Handling of cargo (including port or airport)
  - Agriculture
  - Mining
  - Energy production (including stationary generators and pumps)

## Missouri DERA Application Period is Open

- The DERA application period is **Open Now!**
- The application period closes on July 31, 2024.
- ~\$1.4 million available, but the department anticipates receiving the second year of federal funding under the grant in October.
- The application form, program requirements, and implementation guidelines are available on our website:  
<https://dnr.mo.gov/air/what-were-doing/volkswagen-trust-funds/diesel-emissions-reduction-act-dera-option>

# This Year's Missouri DERA Program

Missouri's program includes the following project types:

- Full Vehicle/Equipment Replacements and
- Engine Replacements

## Cost Share Requirements

Project Type	Grant Will Pay Up To	Applicant Must Pay
Full Vehicle/Equipment Replacement (Diesel for Diesel)*	25%	75%
Engine Replacement (Diesel for Diesel)	40%	60%
Full Vehicle/Equipment Replacement (New Vehicle/Equipment is Alt. Fuel or Zero Emission)	Up to 60%	At least 40%

\* There is a \$100,000 cap for individual vehicle/equipment replacements; except school buses which are capped at \$22,500 per bus. There is no cap if new vehicle is alt. fuel or zero emission.

See Program Requirements for Additional Details:

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# This Year's Missouri DERA Program

## Program Requirements

- Old vehicle/equipment/engine must be diesel-powered
- Minimum mileage/usage requirements for old vehicle/equipment
- Engine model year requirements for old and new engines
- Restrictions on HP increase and luxury accessories
- Must disable old engine for engine replacements
- Must disable old vehicle/equipment and engine for full vehicle/equipment replacements

See Program Requirements for Additional Details:

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## Missouri DERA Project Selection

- The department uses a lottery process to select program beneficiaries.
- Low Income and Disadvantaged Communities (LIDAC) are the first to receive 40% of the funding.

<https://screeningtool.geoplatform.gov/en/#3/33.47/-97.5>

- After LIDAC allocations, the department funds projects throughout the rest of the state.
- The department retains any unfunded applications as alternatives in case any beneficiaries decline to participate.

## Contact Information

Missouri Department of Natural Resources  
Air Pollution Control Program

Volkswagen Team

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573-751-4817

[dnr.mo.gov/air/what-were-doing/volkswagen-trust-funds](https://dnr.mo.gov/air/what-were-doing/volkswagen-trust-funds)