Volkswagen Settlement School Bus Replacement Program
December 2018
Brian Phillips, Mobile Sources Compliance Branch Supervisor, NC Division of Air Quality

Department of Environmental Quality
School Bus Replacement Program

• $12.2 million available in Phase 1

• Eligible buses include 2009 engine model year and older class 4-8 school buses.

• May be repowered with any new diesel or alternative fueled or all-electric engine or replaced with a new diesel or alternative fueled or all-electric bus. (Must be with engine model year of award or year prior)

• Eligible buses must be scrapped.
Scrappage Requirements

• “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.
Eligible Projects

• Projects submitted by local, state, and tribal government organizations.

• Projects submitted by public or private nonprofit organizations.

• Projects submitted by public-private partnerships where the lead applicant represents a public sector or public/private nonprofit entity.
Funding Levels

• For Government Owned Eligible Buses: Replacement or Repower

  • Up to 100% of the cost of a new diesel or alternative fueled (e.g. CNG, propane, hybrid) school bus.

  • Up to 100% of the cost of a new all-electric school bus, including costs of installation and charging infrastructure associated with the new all-electric school bus.

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Funding Levels

• For Non-Government Owned Eligible Buses:
  Repower

  • Up to 40% of the cost of a repower with new diesel or alternative fueled (e.g. CNG, propane, hybrid) school bus.

  • Up to 75% of the cost of a repower with new all-electric school bus, including costs of installation and charging infrastructure associated with the new all-electric school bus.
Funding Levels

- For Non-Government Owned Eligible Buses: Replacement

  - Up to 25% of the cost of a new diesel or alternative fueled (e.g. CNG, propane, hybrid) school bus.

  - Up to 75% of the cost of a new all-electric school bus, including costs of installation and charging infrastructure associated with the new all-electric school bus.
## School Bus Program Funding Allocation

<table>
<thead>
<tr>
<th>Targeted Percentage of Phase 1 Funds</th>
<th>Eligible Fuel Type</th>
<th>Percentage of funds</th>
<th>Amount Available</th>
</tr>
</thead>
<tbody>
<tr>
<td>40%</td>
<td>Diesel</td>
<td>25%</td>
<td>$7,670,472</td>
</tr>
<tr>
<td></td>
<td>Natural Gas &amp; Propane</td>
<td>10%*</td>
<td>$3,068,189</td>
</tr>
<tr>
<td></td>
<td>All-electric</td>
<td>5%*</td>
<td>$1,534,094</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>$12,272,754</td>
</tr>
</tbody>
</table>

*Minimum percentage allocated to alternative fueled school buses.

*Percentage of available settlement funds targeted for school buses for 2018 – 2020.

*
### Estimated Benefits by Bus Type

<table>
<thead>
<tr>
<th>Bus Type</th>
<th>Estimated Cost (per vehicle)</th>
<th>Lifetime Estimated NOx Emission Reductions (tons/vehicle)</th>
<th>Lifetime Effectiveness ($/ton NOx reduced)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diesel</td>
<td>$86,800</td>
<td>0.664</td>
<td>$130,723</td>
</tr>
<tr>
<td>Propane</td>
<td>$96,000</td>
<td>0.777</td>
<td>$123,552</td>
</tr>
<tr>
<td>CNG</td>
<td>$113,500</td>
<td>0.792</td>
<td>$143,308</td>
</tr>
<tr>
<td>All-electric</td>
<td>$360,000</td>
<td>0.919</td>
<td>$391,730</td>
</tr>
</tbody>
</table>
VW Settlement Funding Process

• The Diesel Vehicle Program is currently designed as a reimbursement process.
Proposed VW Settlement Project Selection Criteria

DEQ will consider factors such as, but not limited to:

• Cost Effectiveness (VW$ funded per NOx tons reduced)
• NOx Emissions Reductions
• Location of project
• Co-Benefits
• Sustainability of the project
• Timeliness
• Useful life of vehicle replaced
• Environmental Justice areas
Next Steps

- Plan submission to trustee (September 22, 2018)
- Release request for proposals (Winter 2019)
- Proposal evaluations (Spring 2019)
- Phase 1 project awards (Summer 2019)
- Phase 2 planning (Fall 2019/Winter 2020)
Contacts

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Email questions to: daq.NC_VWGrants@ncdenr.gov

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More Information

For additional information regarding the VW Settlement, please visit our webpage.

deq.nc.gov/VWsettlement
Questions