

APPENDIX D-4
Beneficiary Eligible Mitigation Action Certification

BENEFICIARY ELIGIBLE MITIGATION ACTION CERTIFICATION

Beneficiary Tennessee

Lead Agency Authorized to Act on Behalf of the Beneficiary Tennessee Department of Environment and Conservation
(Any authorized person with delegation of such authority to direct the Trustee delivered to the Trustee pursuant to a Delegation of Authority and Certificate of Incumbency)

Action Title:	STATE OF TENNESSEE CLASS 8 TRUCK GRANT
Beneficiary's Project ID:	ENVWCLAS8TRUCK
Funding Request No.	<i>(sequential)</i> 9
Request Type: (select one or more)	<input checked="" type="checkbox"/> Reimbursement <input type="checkbox"/> Advance <input type="checkbox"/> Other (specify): _____
Payment to be made to: (select one or more)	<input checked="" type="checkbox"/> Beneficiary <input type="checkbox"/> Other (specify): _____
Funding Request & Direction (Attachment A)	<input checked="" type="checkbox"/> Attached to this Certification <input type="checkbox"/> To be Provided Separately

SUMMARY

Eligible Mitigation Action	<input checked="" type="checkbox"/> Appendix D-2 item (specify): <u>Eligible Mitigation Action Category #1, Class 8 Local Freight Trucks and Port Drayage Trucks</u>
Action Type	<input type="checkbox"/> Item 10 - DERA Option (5.2.12) (specify and attach DERA Proposal): _____
Explanation of how funding request fits into Beneficiary's Mitigation Plan (5.2.1): See attached.	
Detailed Description of Mitigation Action Item Including Community and Air Quality Benefits (5.2.2): See attached.	
Estimate of Anticipated NOx Reductions (5.2.3): See attached.	
Identification of Governmental Entity Responsible for Reviewing and Auditing Expenditures of Eligible Mitigation Action Funds to Ensure Compliance with Applicable Law (5.2.7.1): Tennessee Department of Environment and Conservation	
Describe how the Beneficiary will make documentation publicly available (5.2.7.2). See attached.	
Describe any cost share requirement to be placed on each NOx source proposed to be mitigated (5.2.8). See attached.	
Describe how the Beneficiary complied with subparagraph 4.2.8, related to notice to U.S. Government Agencies (5.2.9). See attached.	

If applicable, describe how the mitigation action will mitigate the impacts of NOx emissions on communities that have historically borne a disproportionate share of the adverse impacts of such emissions (5.2.10).
See attached.

ATTACHMENTS
(CHECK BOX IF ATTACHED)

- | | | |
|-------------------------------------|---------------------|---|
| <input checked="" type="checkbox"/> | Attachment A | Funding Request and Direction. |
| <input checked="" type="checkbox"/> | Attachment B | Eligible Mitigation Action Management Plan Including Detailed Budget and Implementation and Expenditures Timeline (5.2.4). |
| <input checked="" type="checkbox"/> | Attachment C | Detailed Plan for Reporting on Eligible Mitigation Action Implementation (5.2.11). |
| <input checked="" type="checkbox"/> | Attachment D | Detailed cost estimates from selected or potential vendors for each proposed expenditure exceeding \$25,000 (5.2.6). [Attach only if project involves vendor expenditures exceeding \$25,000.] |
| <input type="checkbox"/> | Attachment E | DERA Option (5.2.12). [Attach only if using DERA option.] |
| <input type="checkbox"/> | Attachment F | Attachment specifying amount of requested funding to be debited against each beneficiary's allocation (5.2.13). [Attach only if this is a joint application involving multiple beneficiaries.] |

CERTIFICATIONS

By submitting this application, the Lead Agency makes the following certifications:

1. This application is submitted on behalf of Beneficiary Tennessee, and the person executing this certification has authority to make this certification on behalf of the Lead Agency and Beneficiary, pursuant to the Certification for Beneficiary Status filed with the Court.
2. Beneficiary requests and directs that the Trustee make the payments described in this application and Attachment A to this Form.
3. This application contains all information and certifications required by Paragraph 5.2 of the Trust Agreement, and the Trustee may rely on this application, Attachment A, and related certifications in making disbursements of trust funds for the aforementioned Project ID.
4. Any vendors were or will be selected in accordance with a jurisdiction's public contracting law as applicable. (5.2.5)
5. Beneficiary will maintain and make publicly available all documentation submitted in

support of this funding request and all records supporting all expenditures of eligible mitigation action funds subject to applicable laws governing the publication of confidential business information and personally identifiable information. (5.2.7.2)

DATED: 9/1/2020

Molly R. Cripps, Director, TDEC OEP - TDEC Compliance Coord.

[NAME] Molly R. Cripps 09/01/2020
[TITLE] TDEC Compliance Coordinator

Tennessee Department of Environment and Conservation

Director
TDEC
DEP

[LEAD AGENCY]

for
Tennessee

[BENEFICIARY]

BENEFICIARY ELIGIBLE MITIGATION ACTION CERTIFICATION SUMMARY ATTACHMENT

(All terms that are both bolded and italicized in this document are defined in Appendix D-2 of the State Trust Agreement.)

Explanation of how funding request fits into Beneficiary's Mitigation Plan (5.2.1):

Section V.B.i. of the State of Tennessee's Beneficiary Mitigation Plan states:¹

The State will allocate \$4,118,392.30 to eligible *Class 8 Local Freight Truck and Port Drayage Truck* projects.

Eligible *Class 8 Local Freight Trucks and Port Drayage Trucks* may be *Repowered* with any new diesel, *Alternate Fueled*, or *All-Electric* engine, or may be replaced with any new diesel, *Alternate Fueled*, or *All-Electric* vehicle. Due to expected NOx emissions reductions from *Alternate Fueled* and *All-Electric* projects being higher than expected NOx emissions reductions from new diesel projects, the State will prioritize funding for *Alternate Fueled* and *All-Electric* vehicle *Repowers* and/or replacements under this Environmental Mitigation Action category. The cost to *Repower* an engine shall include the cost to purchase and install such engine.

Additionally, Section V.D. of the State of Tennessee's Beneficiary Mitigation Plan speaks to the intended use of allowable administrative expenditures for each Eligible Mitigation Action category.²

Detailed Description of Mitigation Action Item Including Community and Air Quality Benefits (5.2.2):

Dependent on fuel and project type, the State expects to be able to fund between 17-140 *Class 8 Local Freight Truck and Port Drayage Truck* projects.³ The new *Class 8 Local Freight Trucks and Port Drayage Trucks* will reduce NOx emissions associated with the older (pre-2009) diesel *Class 8 Local Freight Trucks and Port Drayage Trucks* to be *Scrapped*.

TDEC expects to release a first round solicitation for *Class 8 Local Freight Trucks and Port Drayage Trucks* in the third calendar quarter of 2020. TDEC will conduct a comprehensive review of all grant applications and will provide and submit to the Trustee detailed information on specific projects to be funded, to include community and air quality benefits, upon completion of that review. This information will be provided to the Trustee along with each corresponding Attachment A – Funding Request and Direction for this Eligible Mitigation Action category.

¹ State of Tennessee's Beneficiary Mitigation Plan. https://www.tn.gov/content/dam/tn/environment/energy/documents/vw-resources/TDEC%20VW%20EMT%20BMP_Updated%205.22.19.pdf.

² State of Tennessee's Beneficiary Mitigation Plan. https://www.tn.gov/content/dam/tn/environment/energy/documents/vw-resources/TDEC%20VW%20EMT%20BMP_Updated%205.22.19.pdf.

³ This range was calculated using cost information submitted in response to a TDEC Request for Information and/or obtained by TDEC personnel through subsequent outreach. It reflects the highest and lowest number of Class 8 Local Freight and Port Drayage Truck projects that the State may fund under its Initial Eligible Project Funds budget of \$4,118,392.30. The low end of this estimate reflects the hypothetical funding of the maximum number of the most costly replacement at the 75% funding cap. The high end of this estimate reflects the hypothetical funding of the maximum number of the least costly *Repower* at the 25% funding cap.

Estimate of Anticipated NOx Reductions (5.2.3):

The above-mentioned range of potential *Class 8 Local Freight Truck and Port Drayage Truck* projects to be funded is expected to yield NOx emissions reductions between 2.0-63.4 NOx tons/year.⁴ These emissions reduction estimates were calculated using the U.S. Environmental Protection Agency’s Diesel Emissions Quantifier (DEQ). TDEC will provide updated information on expected NOx emissions reductions for selected projects along with each corresponding Attachment A – Funding Request and Direction for this Eligible Mitigation Action category.

Describe how the Beneficiary will make documentation publicly available (5.2.7.2):

Please see the Attachment to the State of Tennessee’s Certification for Beneficiary Status under the Environmental Mitigation Trust,⁵ which details how the State of Tennessee will make documentation publicly available.

Describe any cost share requirement to be placed on each NOx source proposed to be mitigated (5.2.8):

Section V.B.i. of the State of Tennessee’s Beneficiary Mitigation Plan states:⁶

For eligible *Class 8 Local Freight Trucks and Port Drayage Trucks*, the State will fund:

- Up to 25% of the cost of a *Repower* or replacement for Non-Government Owned projects;
- Up to 50% of the cost of a *Repower* or replacement for *Government* Owned projects;
- Up to 75% of the cost of a *Repower* or replacement for *Government* Owned projects in current or former nonattainment areas for Ozone and/or PM2.5 NAAQS; and
- Up to 75% of the cost of a *Repower* or replacement for *Government* Owned projects in Distressed Counties.

For *All-Electric Repower* or replacement projects, the State will fund up to 25% of the acquisition and installation costs for associated charging infrastructure (*All-Electric* infrastructure costs) for Non-Government Owned projects and up to 50% of the *All-Electric* infrastructure costs for *Government* Owned projects.

Describe how the Beneficiary complied with subparagraph 4.2.8, related to notice to U.S. Government Agencies (5.2.9):

Please see Appendix 3 (Notice of Availability of Mitigation Action Funds to Certain Federal Agencies) of the State of Tennessee’s Beneficiary Mitigation Plan, which details how the Beneficiary complied with subparagraph 4.2.8 of the State Trust Agreement.⁷

⁴ The total number of projects that could be funded under this Environmental Mitigation Action category (e.g., replace with a new *All-Electric* vehicle, replace with an *Alternate Fueled* vehicle, etc.) was multiplied by the corresponding expected emissions reduction estimates to arrive at the range of expected emissions reductions.

⁵ Certification for Beneficiary Status Under Environmental Mitigation Trust Agreement.

[https://www.tn.gov/content/dam/tn/environment/energy/documents/vw-resources/Tennessee%20Appendix%20D-3%20form%20\(executed%20and%20filed\).pdf](https://www.tn.gov/content/dam/tn/environment/energy/documents/vw-resources/Tennessee%20Appendix%20D-3%20form%20(executed%20and%20filed).pdf).

⁶ State of Tennessee’s Beneficiary Mitigation Plan. https://www.tn.gov/content/dam/tn/environment/energy/documents/vw-resources/TDEC%20VW%20EMT%20BMP_Updated%205.22.19.pdf.

⁷ State of Tennessee’s Beneficiary Mitigation Plan. https://www.tn.gov/content/dam/tn/environment/energy/documents/vw-resources/TDEC%20VW%20EMT%20BMP_Updated%205.22.19.pdf.

If applicable, describe how the mitigation action will mitigate the impacts of NO_x emissions on communities that have historically borne a disproportionate share of the adverse impacts of such emissions (5.2.10):

Please see Section VI. of the State of Tennessee's Beneficiary Mitigation Plan. This section sets forth the method by which the Tennessee Department of Environment and Conservation will consider the potential beneficial impact of selected Eligible Mitigation Actions on air quality in areas that bear a disproportionate share of the air pollution burden.⁸

⁸ Ibid.

ATTACHMENT B

PROJECT MANAGEMENT PLAN – PROJECT SCHEDULE AND MILESTONES

Large Trucks Grant Program Milestone	Date
Lead Agency Requests / Secures Delegated Grant Authority	Requested: September 2020 / Secured: January 2021
Solicitation Release	By August 27, 2020
Application Deadline	By October 30, 2020
Selected Grantees Announced	December 2020
Updated Beneficiary Mitigation Plan Published	January 2021
Draft Grant Contracts Sent to Grantees for Signature	January 2021
Grant Contracts Finalized	February 2021
Grant Contract Begin Date	Estimated March 2021
Trustee Acknowledges Receipt of Project Certification and Funding Direction	January 14, 2020 (Trustee acknowledged receipt of December 16, 2019 submission of D-4)
Grantees complete quarterly, annual, and final reports, as required by the Grant Contract	July 2021-February 2028
Lead Agency conducts on-site and desktop monitoring of all Grantees	March 2021-May 2023
Grantees certify project completion and provide detailed invoices for all claimed project costs, documentation for emissions reduction estimates, required certification documents to Lead Agency to support direction to Trustee for Payment	September 2021-May 2023
Lead Agency completes review of project reimbursement supporting documentation and certifies payment direction to Trustee	November 2021-August 2023
Trustee Acknowledges Receipt of Direction for Payment(s)	December 2021-August 2023
Trustee Allocates Share of State Funds for Approved Project (to coincide with vehicle purchase/delivery/deployment and corresponding scrappage)	February 2020 (first payment from Trustee)-September 2023
Grant Contract End Date	February 2023, assuming that no contract extensions are granted
Grant Closeout / Lead Agency Reports Project Completion	April-September 2023

PROJECT BUDGET

Period of Performance: November 2018-September 2023

Budget Category	Total Approved Budget	Share of Total Budget to be Funded by the Trust	Cost-Share, if applicable
Subrecipient Awards (See Attachment D for List of Approved Grantees and Corresponding Funding Ceilings)	TBD (\$ 66,666.66-200,000.00)	\$50,000.00	TBD (\$16,666.66-150,000.00)
Administrative	\$5,000.00	\$5,000.00	N/A
Project Totals	TBD (\$71,666.66-205,000.00)	\$55,000.00	TBD (\$16,666.66-150,000.00)
Percentage	100%	TBD (27%-77%)	TBD (23%-73%)

PROJECTED TRUST ALLOCATIONS

TDEC will conduct a comprehensive review of all grant applications and will provide and submit to the Trustee a projected trust allocation table upon completion of that review. This information will be provided to the Trustee along with each corresponding Attachment A – Funding Request and Direction for this Eligible Mitigation Action category.

ATTACHMENT C

DETAILED PLAN FOR REPORTING ON ELIGIBLE MITIGATION ACTION IMPLEMENTATION

The Tennessee Department of Environment and Conservation (TDEC) will provide detailed reporting on this Environmental Mitigation Trust project in two ways:

1. Timely updates to TDEC's *Tennessee and the Volkswagen Diesel Settlement* public-facing webpage (also referred to as the "TDEC Webpage," which can be accessed at www.tn.gov/environment/VWSettlement);
2. Tennessee's semiannual Beneficiary Reporting Obligations to Wilmington Trust (the "Trustee").

After being identified by the Governor as Lead Agency, TDEC launched the TDEC Webpage to provide information regarding the Environmental Mitigation Trust and eligible mitigation actions. The State of Tennessee's Beneficiary Mitigation Plan and all documentation and records submitted by the Beneficiary in support of each funding request to the Trustee will be available to the public on the TDEC Webpage. Timely updates to the TDEC Webpage will inform the general public on the projects' status as well as when these projects have been completed.

Tennessee will comply with Subparagraph 5.3 of the Environmental Mitigation Trust Agreement for State Beneficiaries, which details the following Beneficiary Reporting Obligations:

For each Eligible Mitigation Action, no later than six months after receiving its first disbursement of Trust Assets, and thereafter no later than January 30 (for the preceding six-month period of July 1 to December 31) and July 30 (for the preceding six-month period of January 1 to June 30) of each year, each Beneficiary shall submit to the Trustee a semiannual report describing the progress implementing each Eligible Mitigation Action during the six-month period leading up to the reporting date (including a summary of all costs expended on the Eligible Mitigation Action through the reporting date). Such reports shall include a complete description of the status (including actual or projected termination date), development, implementation, and any modification of each approved Eligible Mitigation Action. Beneficiaries may group multiple Eligible Mitigation Actions and multiple sub-beneficiaries into a single report. These reports shall be signed by an official with the authority to submit the report for the Beneficiary and must contain an attestation that the information is true and correct and that the submission is made under penalty of perjury. To the extent a Beneficiary avails itself of the DERA Option described in Appendix D-2, that Beneficiary may submit its DERA Quarterly Programmatic Reports in satisfaction of its obligations under this Paragraph as to those Eligible Mitigation Actions funded through the DERA Option. The Trustee shall post each semiannual report on the State Trust's public-facing website upon receipt.

To assist Tennessee in fulfilling its Beneficiary Reporting Obligations, Grantees under TDEC's ***Class 8 Local Freight Truck and Port Drayage Truck*** Grant Program will be required to submit quarterly, annual, and final reports on their funded vehicle ***Repower*** or replacement projects. Details on each Grantee's required reporting will be outlined in a ***Class 8 Local Freight Truck and Port Drayage Truck*** Grant Program Manual, which is currently under development. TDEC will provide and submit to the Trustee detailed information on specific Grantee reporting requirements upon completion of the Grant Program Manual. This information will be provided to the Trustee along with each corresponding Attachment A – Funding Request and Direction for this Eligible Mitigation Action category.

ATTACHMENT D

DETAILED COST ESTIMATES FROM SELECTED OR POTENTIAL VENDORS FOR EACH PROPOSED EXPENDITURE EXCEEDING \$25,000

Cost estimates for selected projects will be provided once TDEC has conducted a comprehensive review of all grant applications.

At the time of reimbursement request, Grantees under the *Class 8 Local Freight Truck and Port Drayage Truck* Grant Program must submit to TDEC cost invoices along with all required supporting documentation. Detailed cost invoices for eligible *Class 8 Local Freight Truck and Port Drayage Truck Repowers* and/or replacements will be provided to the Trustee along with each corresponding Attachment A – Funding Request and Direction for this Eligible Mitigation Action category.