

Volkswagen Diesel Emission Settlement

New Hampshire Semi-Annual Report

July 1, 2021 – December 31, 2021


New Hampshire Department of Environmental Services

29 Hazen Drive, PO Box 95

Concord, NH 03302-0095

Lead Agency Contact: Craig A. Wright

*In accordance with Section 5.3 of the Volkswagen Environmental Mitigation Trust Agreement for State Beneficiaries, I hereby attest that the information contained in this report is true and correct and that this submission is made under penalty of perjury.*

Signature:  Date: 1/31/22

Craig A. Wright

## Background

On January 4, 2016, the United States and the State of California filed a complaint against several Volkswagen companies, referred to herein as Volkswagen, alleging violations of the Clean Air Act with regard to approximately 580,000 model years 2009 to 2015 2.0 and 3.0-liter diesel engines. The complaint alleged that the vehicles contained “defeat devices” in the form of computer software, designed to cheat on federal emissions tests, enabling the vehicles to emit levels of oxides of nitrogen (NOx) as high as forty times the federal standard without detection by the vehicle’s On Board Diagnostic system, a system that numerous states, including New Hampshire, rely upon to detect and require repairs on vehicles exceeding federal emission standards. On October 2, 2017, the Department of Justice and Volkswagen signed a \$15 billion settlement, a portion of which – \$2.9 billion – will be held by the Mitigation Trust referenced above and shared among the U.S. states and tribes, based on the number of violating vehicles registered in each. New Hampshire’s share is \$30,914,841.09.

New Hampshire’s Beneficiary Mitigation Plan presents the goals, available funding, funding priorities, and anticipated benefits from the state’s use of the Environmental Mitigation Trust funding. The state plans to utilize its funding allocation in the following manner:

1. Approximately \$15.5 million (50 percent) of New Hampshire’s allocation will be used to replace state and municipal vehicles and equipment under Eligible Mitigation Actions 1, 2, 6, and 10.
2. Approximately \$4.6 million (15 percent) of New Hampshire’s allocation will be used for the acquisition, installation, operation, and maintenance of electric vehicle supply equipment (EVSE) as allowed under Eligible Mitigation Action 9.
3. Approximately \$6.2 million (20 percent) of New Hampshire’s allocation will be available to all entities, public and private, through a competitive solicitation for projects in Eligible Mitigation Actions 1, 2, 6, 7, and 10.
4. No more than \$4.6 million (15 percent) of New Hampshire’s allocation will be utilized for administrative costs.

The following sections of this report summarize progress implementing Eligible Mitigation Actions in the manner described above.

### New Hampshire Department of Transportation Vehicle Replacement Project

On January 9, 2019, New Hampshire's Governor & Executive Council (G&C) approved a Memorandum of Agreement (MOA) between the Office of Strategic Initiatives (NHOSI) and Department of Transportation (NHDOT) in the amount of \$6,182,968 to utilize funding from the NH's Beneficiary Mitigation Trust to partially fund the replacement of NHDOT diesel vehicles. Specifically, the project involves replacement of nine extra heavy duty 10-wheeled trucks and 21 heavy duty six-wheeled trucks. The project was funded from the state and municipal vehicles and equipment replacement program described above.

On April 18, 2018, NHOSI submitted Beneficiary Eligible Mitigation Action Certification "NOSI-19-01" to the Trustee. The payments requested in NHOSI-19-01 included \$3,208,347 for the NHDOT vehicle replacements and administrative funds for NHOSI and the Department of Environmental Services (NHDES) in the amounts of \$4,265 and \$17,958, respectively. The disbursement of these funds was completed by the Trustee on June 24, 2019. During the second quarter of 2021, G&C approved a second phase of the NHDOT Vehicle Replacement Project in the amount of \$1,361,666. The second phase of the NHDOT Vehicle Replacement Project involves the replacement of three heavy vehicles and five medium-duty vehicles.

For the reporting period from July 1, 2021 to December 31, 2021, NHDOT placed two new crane trucks and five new plow trucks into service and transferred old vehicles to a vendor for decommissioning.

### NHDES State Clean Diesel Program funded by EPA's Diesel Emission Reduction Act (DERA)

DERA grants are awarded annually by EPA to NHDES to fund New Hampshire's State Clean Diesel Program. Funds from NH's Beneficiary Mitigation Trust are utilized as non-federal match for the Program to secure a 50 percent federal bonus. On December 18, 2020, G&C approved a Memorandum of Agreement between NHOSI and NHDES in the amount of \$316,427 to utilize NH's Beneficiary Mitigation Trust funds as non-federal match for New Hampshire's federal fiscal year (FFY) 2019 DERA grants.

New Hampshire's State Clean Diesel Program is a competitive sub-grant program. The program targets replacement of publicly-owned and private vehicles and equipment, favoring projects where the vehicles/equipment operate in highly populated areas, in areas with sensitive receptor groups such as schools or hospitals, in areas that receive a disproportionate quantity of air pollution from diesel fleets, and/or in areas that are near non-attainment for other pollutants such as particulate matter.

Funds from the approximately \$15.5 million allocation earmarked for replacement of state and municipal vehicles and equipment in New Hampshire's Beneficiary Mitigation Plan, and from the approximately \$6.2 million earmarked for public and private vehicle and equipment replacement, contribute to the State Clean Diesel Program under Eligible Mitigation Action 10.

On April 29, 2021, NHOSI submitted Beneficiary Eligible Mitigation Action Certification "NHOSI-21-01" to the Trustee. The payments requested in NHOSI-21-01 included \$316,427 in FFY 2019 funds to NHDES for the State Clean Diesel Program and \$104 in administrative funds for NHOSI. The disbursement of these funds was completed by the Trustee on October 6, 2021.

During this reporting period, work continued on projects originating from the FFY 2019/2020 New Hampshire State Clean Diesel Program Plan, which began on October 1, 2019. The total budget for the program was \$1,615,011, including \$646,004 in NH Beneficiary Mitigation Trust matching funds. During this reporting period, G&C approved two new projects and also approved amendments extending the completion date for five existing projects. Additionally, work was also completed on preparations for opening the FY 2021 State Clean Diesel program solicitation, which began on November 1, 2021. Eight proposals were received within the specified submission period.

Included in this semi-annual report is a copy of the quarterly DERA reports submitted to EPA by NHDES for the reporting period from October 1, 2021 to December 31, 2021. The projected termination date for the current NHDES DERA agreement with EPA is September 30, 2023.

#### New Hampshire State Agency Vehicle Replacement Projects

On January 22, 2020, G&C approved MOAs between the Office of Strategic Initiatives and the New Hampshire Department of Corrections, Department of Safety, and New Hampshire Fish & Game utilizing approximately \$1,158,900 in funding from NH's Beneficiary Mitigation Trust to partially fund the purchase and replacement of existing diesel vehicles. These projects are funded from the approximately \$15.5 million of the state's allocation for replacement of state and municipal vehicles and equipment under Eligible Mitigation Actions 1 and 6.

On May 7, 2020, a fourth MOA for replacement of state diesel vehicles was approved by G&C. This MOA, between the Office of Strategic Initiatives and NHDES, will utilize a total of approximately \$184,000 in funding from NH's Beneficiary Mitigation Trust.

All four of the state vehicle replacement projects are currently underway. During the prior reporting period, New Hampshire Department of Safety took possession of two replacement vehicles and one of these vehicles was placed into service. The decommissioning of two replaced vehicles was also completed. NHDES has taken possession of one vehicle and is awaiting delivery of a second vehicle. The Department of Corrections previously took possession of two new vehicles and they have been placed into service. Fish & Game is currently in the process of taking possession of new vehicles and decommissioning the vehicles that have been replaced.

On June 30, 2021, NHOSI submitted Beneficiary Eligible Mitigation Action Certification “NHOSI-21-03” to the Trustee. The payments requested in NHOSI-21-03 included the following for vehicle replacements:

- \$174,064 to Department of Corrections
- \$201,059.20 to Fish & Game
- \$1,361,666.40 to Department of Transportation

Additionally, a request for \$4,151.25 in administrative payments to NHOSI was also included in NHOSI-21-03.

#### Manchester Transit Authority School Bus Replacement Project

On February 5, 2020, G&C approved an agreement between NHOSI and the Manchester Transit Authority (MTA) to utilize approximately \$750,000 in funding from NH’s Beneficiary Mitigation Trust to partially fund the purchase and replacement of fourteen diesel school buses with propane school buses. This project is funded from the approximately \$15.5 million of the state’s allocation for replacement of state and municipal vehicles and equipment under Eligible Mitigation Action 2. MTA took possession of the final nine school buses and put all fourteen school buses into regular service in September 2020. They report that, since being put into service, the school buses have traveled approximately 22,000 miles.

On March 16, 2020, NHOSI submitted Beneficiary Eligible Mitigation Action Certification “NOSI-20-01” to the Trustee. The payments requested in NHOSI-20-01 include \$750,000 for the MTA school bus replacements and administrative funds for NHOSI and NHDES in the amounts of \$4,816 and \$6,491, respectively. The project completion date was June 30, 2021.

## NHDES Congestion Mitigation & Air Quality Improvement Program (CMAQ) Electric Vehicle Charging Station Project

During this period, NHDES continued work towards entering into a CMAQ Improvement Program Project Agreement with New Hampshire Department of Transportation (NHDOT) to install Level 2 EV charging stations at three State-owned properties, two in Concord and one in Franconia. Through this project, three dual-nozzle Level 3 charging stations will be installed at State-owned properties at 29 Hazen Drive and 21 South Fruit Street in Concord. Three dual-nozzle Level 3 charging stations will also be installed at Cannon Mountain Ski Area in Franconia. VW funding will be used to provide \$47,946 in matching funds for this project. The total project cost is projected to be \$239,730.

During the previous reporting period, NHDES staff attended a Project Scoping meeting with staff from NHDOT, the project sponsor. NHDOT is responsible for administering CMAQ funding provided to the state by the Federal Highway Administration (FHWA). NHDES is also currently coordinating with the New Hampshire FHWA Field Office on the resolution of issues regarding “Buy America” requirements related to this project. NHDES anticipates that these issues will be resolved in the near term and construction for this project will be advertised in 2023.

## Direct Current Fast Charging Infrastructure Request for Proposals/Request for Information

In November 2019, NHDES, serving as a representative of NHOSI, released an RFP for the installation and operation of electric vehicle supply equipment (EVSE), including both direct current fast charging (DCFC) and Level 2 chargers, in New Hampshire. The purpose of this RFP is to select a qualified Applicant to provide a strategic network of EVSE and associated operations, maintenance, and management services along specified corridors in New Hampshire. NHDES and NHOSI are funding this solicitation, consistent with the New Hampshire Beneficiary Mitigation Plan, through the beneficiary Mitigation Trust. NHDES received no responses that met the minimum qualifications of the RFP and as a result, in February 2020 released a subsequent Request for Information in an effort to receive feedback on the RFP and additional input on the RFP requirements.

On June 1, NHOSI submitted Beneficiary Eligible Mitigation Action Certification “NHOSI-21-02” to the Trustee for reimbursement of administrative costs incurred by NHOSI and NHDES during the course of this project. The payments requested in NHOSI-21-02 include funds for NHOSI and NHDES in the amounts of \$3,250 and \$57,308.66, respectively. The disbursement of these funds was completed by the Trustee on October 6, 2021.

On September 17, 2021, NHDES released a second RFP for the New Hampshire VW Environmental Mitigation Trust Direct Current Fast Charging Infrastructure project. During the previous reporting period, NHDES also provided information related to the RFP in addition to other Trust-related information and documentation on a recently created VW Mitigation Trust webpage hosted by NHDES. The webpage was created to replace the VW webpage of the New Hampshire Office of Strategic Initiatives, the original NH Lead Agency for the VW Settlement. NHDES personnel also conducted an informational webinar and responded to questions related to the RFP. Proposals are due on February 25, 2022.





U. S. Environmental Protection Agency  
 State Clean Diesel Grant Program - Quarterly Report

<b>Grant Recipient</b>	New Hampshire DES
<b>Grant #</b>	00A00175
<b>Reporting Period</b>	10/01/2021-12/31/2021

Instructions: Complete all relevant fields in this worksheet and use the other worksheets in this excel file to provide your project fleet descriptions.

<b>WORKPLAN BUDGET</b>	<b>FY19</b>	<b>FY20</b>
Total EPA Funds Awarded	\$474,614.00	\$494,366.00
Total Mandatory Cost-Share	TBD	TBD
Total Voluntary Matching Funds	\$316,427.00	\$329,577.00
Total Project Costs	\$791,041.00	\$823,943.00

**Table 1. Rate of Expenditure. Record all funds expended for each budget category.**

	Federal Funds Expended this Reporting Period	Mandatory Cost-Share Expended this Reporting Period	Voluntary Match Expended this Reporting Period		Cumulative Federal Funds Expended	Cumulative Mandatory Cost-Share Expended	Cumulative Voluntary Match Expended	
			Period				V W Waiver/Funds	Other Funds
			V W Waiver/Funds	Other Funds				
Personnel	\$13,008.17				\$50,058.36			
Fringe Benefits	\$5,665.15				\$20,782.16			
Travel								
Equipment								
Supplies								
Contractual								
Subawards	\$0.00		\$0.00		\$116,348.48			\$53,436.00
Participant Support Costs (e.g., Rebates)								
Other		\$0.00				\$304,348.20		\$0.00
Indirect Charges	\$138.56							
<b>TOTALS</b>	\$18,811.88	\$0.00	\$0.00	\$0.00	\$187,189.00	\$304,348.20	\$53,436.00	\$0.00

**Table 2. Narrative Responses**

<b>Question</b>	<b>Answer</b>
What actual accomplishments occurred during the reporting period?	NHDES worked to acquire extensions for two entities which were delayed due to supply chain disruptions and COVID-19 related personnel disruptions. Eleven entities are now under contract through this grant. One grantee, Cora Beth Fisheries, replaced their fishing boat's engines. Two entities, First Student and Eversource, worked to replace their vehicles. Additionally, NHDES opened the FY2021 grant and received eight proposals.

<p>Did you award any rebates or subawards during the reporting period? If so, list the recipients and how much funding they received.</p>	<p>During this reporting period no funds were awarded.</p>
<p>Provide a comparison of actual accomplishments with the anticipated outputs/outcomes and timelines/milestones specified in the project Work Plan.</p>	<p>The Towns of Lisbon and Barnstead received extensions as they had not replaced their units due to COVID-19 complications. NH Division of Ports &amp; Harbors and the Town of Whitefield previously notified NHDES that they wish to withdraw from their grants due to COVID-19 financial impacts. Based on DEQ calculations, the Pease Development Authority, Salem, and Lyndeborough projects will result in annual and lifetime reductions of 0.7934 short tons of NOx and 0.1103 tons of PM2.5. Based on DEQ calculations, the Fall Mountain RSD, Berlin, Lisbon, and Barnstead projects will result in annual and lifetime Extensions were granted to the towns of Lisbon and Barnstead to allow them to complete their projects despite COVID-19-related delays.</p>
<p>If anticipated outputs/outcomes and/or timelines/milestones are not met, why not? Did you encounter any problems during the reporting period which may interfere with meeting the project objectives?</p>	<p>Extensions have been granted and we will check in on the town at reasonable intervals to make sure they're on target for completion.</p>
<p>How do you propose to remedy any problems? Identify how and the date you will get back on course to meet the anticipated outputs/outcomes and/or timelines/milestones specified in the project work plan.</p>	
<p>If any cost-shares are reported for this Reporting Period in Table 1 above, identify the source of the funds.</p>	
<p>Was any program income generated during the reporting period? Identify amount of program income, how it was generated, and how the program income was/will be used.</p>	<p>No program income was reported during this reporting period.</p>
<p>Did any public relations events regarding this grant take place during the reporting period?</p>	<p>Specific general outreach related to the State Clean Diesel Program and the progress of the project solicitations completed during this period was provided during meetings of the NH Regional Planning Commissions and Metropolitan Planning Organizations and their Technical Advisory Committees. The program was also promoted through Granite State Clean Cities Coalition to fleet managers, municipalities, and businesses.</p>
<p>What is the URL for the state website listing the total number and dollar amount of subawards, rebates, or loans provided, as well as a breakdown of the technologies funded? Please also list any other state websites used for outreach related to the State DERA Grant Program.</p>	<p><a href="#">New Hampshire DERA Program Website</a></p>

What project activities are planned for the next reporting period?

NHDES will continue to steward grantees to complete their projects and continue reporting. NHDES is also scoring and selecting projects for the 00A00749 FY21 grant.

**Table 3. Subaward Reporting Requirements**

Requirement	Response
Summaries of results of reviews of financial and programmatic reports	No site visits have been completed under this grant to date. Due to COVID-19, we have been accepting photographic evidence in lieu of site visits.
Summaries of findings from site visits and/or desk reviews to ensure effective subrecipient performance	There currently is not enough information to calculate emissions reductions at this time.
Environmental results the subrecipient achieved	As these projects have not yet been completed, audits have not been conducted.
Summaries of audit findings and related pass-through entity management decisions	No deficiencies were identified during review of the sub award grantees.
Actions the pass-through entity has taken to correct deficiencies such as those specified at 2 CFR 200.331(e), 2 CFR 200.207 and the 2 CFR 200.338 Remedies for Noncompliance	Not applicable - no deficiencies identified.