

Volkswagen Diesel Emission Settlement

New Hampshire Semi-Annual Report

January 1, 2020 – June 30, 2020

New Hampshire Office of Strategic Initiatives

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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 section of this report summarizes progress implementing Eligible Mitigation Actions in the manner described above.

New Hampshire Department of Transportation Vehicle Replacement Project

On January 9, 2019, the New Hampshire Governor & Executive Council 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 Environmental Mitigation Trust to partially fund the purchase and 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. 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. The project was 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 1.

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.

For the reporting period from January 1, 2020 to June 30, 2020, NHDOT has continued to purchase and take possession of the heavy duty 10-wheeled trucks and heavy duty six-wheeled trucks included in the January 9, 2019 Memorandum of Agreement. On March 16, 2020, NHDOT finalized a third-party contract to decommission their replaced heavy vehicles and during the reporting period, decommissioning of these vehicles was started. By the end of the reporting period, NHDOT anticipated putting approximately 26 trucks into service and transferring approximately 26 trucks to the vendor for decommissioning.

NHDES State Clean Diesel Program

On October 31, 2018, the New Hampshire Governor & Executive Council approved a Memorandum of Agreement between NHOSI and NHDES in the amount of \$500,350 to utilize funding from the Environmental Mitigation Trust to as non-federal match for New Hampshire's Diesel Emission Reduction Act (DERA) grant under Eligible Mitigation Action 10. New Hampshire's State Clean Diesel Program is a

sub-grant program designed to reduce diesel emissions. The program will be applied broadly across various sectors in the state, employing a variety of diesel reduction strategies. The program will target primarily publicly-owned fleets that operate in highly populated areas, areas with sensitive receptor groups such as schools or hospitals, or areas that receive a disproportionate quantity of air pollution from diesel fleets, and in areas that are near non-attainment for other pollutants such as particulate matter. DERA grants are awarded annually by EPA to fund the New Hampshire's State Clean Diesel Program and funding from the Environmental Mitigation Trust was utilized as non-federal match for the Program.

Funding from the approximately \$15.5 million of New Hampshire's allocation used for replacement of state and municipal vehicles and equipment and funding from the approximately \$6.2 million available to all entities, public and private, through competitive solicitations, both under Eligible Mitigation Action 10 was used to fund the State Clean Diesel Program.

During the previous reporting period, NHOSI submitted Beneficiary Eligible Mitigation Action Certification "NOSI-19-02" to the Trustee. The payments requested in NHOSI-19-01 included \$500,350 to NHDES for the State Clean Diesel Program and \$425 in administrative funds for NHOSI. The disbursement of these funds was completed by the Trustee on June 27, 2019.

During this reporting period, work continued on the FY 2019 version of the New Hampshire State Clean Diesel Program, which was started on October 1, 2019. The total budget for the FY 2019 New Hampshire State Clean Diesel Program was \$791,068 including \$316,427 in VW match funding. During the reporting period, an initial round of project solicitations was completed and work is continuing on the completion of contracts with successful sub-grantees. Additionally, work has also begun on a second round of project solicitations.

Included in this semi-annual report is a copy of the quarterly DERA report submitted to EPA by NHDES for the reporting period from January 1, 2020 to March 31, 2020. A subsequent quarterly DERA report for the period from April 1, 2020 to June 30, 2020 is scheduled to be submitted to EPA by July 31, 2020.

New Hampshire State Agency Vehicle Replacement Projects

On January 22, 2020, the New Hampshire Governor & Executive Council approved MOAs between the Office of Strategic Initiatives and the New Hampshire Departments of Corrections and Safety and New Hampshire Fish & Game utilizing a total of approximately \$1,158,900 in funding from the Environmental 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 Action 1.

On May 7, 2020, a fourth MOA for replacement of state diesel vehicles was approved by the New Hampshire Governor & Executive Council. This MOA, between the Office of Strategic Initiatives and NHDES, will utilize a total of approximately \$184,000 in funding from the Environmental Mitigation Trust.

All four of the state vehicle replacement projects are currently in progress.

Manchester Transit Authority School Bus Replacement Project

On February 5, 2020, the New Hampshire Governor & Executive Council approved an agreement between the Office of Strategic Initiatives and the Manchester Transit Authority (MTA) to utilize a total of approximately \$750,000 in funding from the Environmental Mitigation Trust to partially fund the purchase and replacement of 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 1.

During the reporting period, MTA has completed decommissioning of the old school buses and has taken possession of new propane school buses.

On March 16, 2020, NHOSI submitted Beneficiary Eligible Mitigation Action Certification "NOSI-20-01" to the Trustee. The payments requested in NHOSI-20-01 included \$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.