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STATE OF VERMONT
GENERAL ASSEMBLY
JOINT ENERGY COMMITTEE

December 11, 2017

Julie Moore
Secretary of Natural Resources
1 National Life Drive, Davis 2
Montpelier, VT 05620-3901

Peter Walke
Deputy Secretary of Natural Resources
1 National Life Drive, Davis 2
Montpelier, VT 05620-3901

VW Environmental Mitigation Trust
Attn: Deirdra Ritzer
Vermont Agency of Natural Resources
Department of Environmental Conservation
1 National Life Drive, Davis 2
Montpelier, VT 05620

Re: Use of the VW Environmental Mitigation Trust Monies

Dear Secretary Moore, Deputy Secretary Walke, and Ms. Ritzer:

The Joint Energy Committee of the Vermont General Assembly respectfully requests the use of the Volkswagen Environmental Mitigation Trust monies entirely on projects to electrify Vermont's transportation sector. The Committee recommends that the Agency of Natural Resources propose to allocate the full monies allowed under the settlement to light duty electric infrastructure. The Agency should also propose to allocate the remainder of the funds to, prioritizing first, the electrification of school buses and second, the electrification of transit buses.

Volkswagen AG (VW) violated the Clean Air Act by selling diesel vehicles with defeat devices that allowed those vehicles to exceed the nitrogen oxide (NOx) emissions standard by up to 40 times. VW pleaded guilty to these charges and the settlement of the case led to the creation of the Environmental Mitigation Trust. The money in this trust will be dispersed to beneficiaries to fund NOx reduction projects. Vermont is eligible to receive approximately \$18.7 million to be used for clean transportation projects. The State is responsible for submitting a Beneficiary Mitigation Plan, detailing how it plans to spend the settlement monies. The consent decree establishing the Trust explicitly lists the electrification of transit and school buses as an acceptable way to spend the settlement funds. The creation of electric vehicle infrastructure is also allowed under the consent decree. The Committee believes that these types of projects will be most beneficial to Vermonters.

Using the funds to replace existing school buses with electric school buses will be especially beneficial. The American Lung Association estimates that in 2015, Vermont spent \$313 million in health and climate costs due to tailpipe emissions from gasoline and diesel-powered vehicles.¹ Children are among the most vulnerable to health impacts from air pollution caused by diesel emissions. These health impacts, including asthma and impaired lung function, are caused by the inhalation of ground level ozone, which is a byproduct of NOx emissions. The majority of communities across Vermont use school buses to transport children to and from school each day. By removing diesel-powered buses from the roads and replacing them with electric vehicles, the negative health impacts caused by diesel emissions will be reduced.

Bus electrification will also reduce Vermont's greenhouse gas (GHG) emissions. According to Vermont's Comprehensive Energy Plan, the transportation sector is the largest portion of Vermonters' energy expenses and it produces 47 percent of Vermont's GHG emissions. Switching from diesel to electric power can reduce a vehicle's carbon dioxide emissions by 71 percent and can reduce fueling costs by over 40 percent. 10 V.S.A. § 578 establishes a goal for Vermont to reduce GHG emissions by 50 percent below the 1990 level on or before January 1, 2028, and the Comprehensive Energy Plan establishes a further goal of an 80 to 95 percent reduction by 2050, and an additional goal to increase renewable transportation to 10 percent by 2025 and 80 percent by 2050. Electrifying the transportation sector will reduce Vermont's NOx and GHG emissions because by statute Vermont's electric supply must be 55 percent renewable starting this year, rising to 75 percent by 2032. 30 V.S.A. §§ 8004, 8005.

Currently, electric buses cost more than diesel buses. However, the price of electric vehicles, including buses, is likely to decrease in the near future given the rate at which this technology is accelerating. Under the Environmental Mitigation Trust Agreement, Beneficiary states have until October 2, 2027 to spend 80 percent of their awarded funds. The State has the option to purchase electric buses over this period and not all at once.

The Environmental Mitigation Trust provides Vermont a unique opportunity to reduce and mitigate the negative impacts of the transportation sector. The Joint Energy Committee strongly supports the submission of a Beneficiary Mitigation Plan stating an intention to spend the settlement monies entirely on projects to electrify Vermont's transportation sector, and that the Plan should allocate the full amount of money allowed under the settlement to light duty electric infrastructure, with the remainder of the funds prioritized first, to electric school buses and second, to electric transit buses. By taking diesel vehicles off the road, the NOx emissions produced by public transportation will be reduced. This, in turn, will contribute to reaching the goals established under Vermont's Comprehensive Energy Plan. It will also reduce the health impacts of NOx felt by Vermonters, especially children. The Joint Energy Committee is prepared to work with the Agency of Natural Resources, diverse stakeholders, and the public to identify and support proposals to ensure the settlement monies are fully spent.

Sincerely,

Sen. Virginia "Ginny" Lyons, Chair

¹ American Lung Association. 2016. Clean Air Future Health and Climate Benefits of Zero Emission Vehicles. <http://www.lung.org/local-content/california/documents/2016zeroemissions.pdf>.