



**Volkswagen Settlement School Bus Replacement Program**

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*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.**

# 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

Targeted Percentage of Phase 1 Funds	Eligible Fuel Type	Percentage of funds	Amount Available
40%	Diesel	25%	\$7,670,472
	Natural Gas & Propane	10%*	\$3,068,189
	All-electric	5%*	\$1,534,094
Total			\$12,272,754

\*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

Bus Type	Estimated Cost (per vehicle)	Lifetime Estimated NOx Emission Reductions (tons/vehicle)	Lifetime Effectiveness (\$/ton NOx reduced)
Diesel	\$86,800	0.664	\$130,723
Propane	\$96,000	0.777	\$123,552
CNG	\$113,500	0.792	\$143,308
All-electric	\$360,000	0.919	\$391,730

# 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 NO<sub>x</sub> tons reduced)
- **NO<sub>x</sub> 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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# More Information

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

**[deq.nc.gov/VWsettlement](http://deq.nc.gov/VWsettlement)**

# Questions

