



## **PRELIMINARY NRCM Comments on DRAFT Maine Mitigation Trust Fund Allocation**

On behalf of the Natural Resources Council of Maine (NRCM) and our members, I am pleased to offer these preliminary comments on Maine's *Proposed Maine Environmental Mitigation Plan* (Draft Proposal) outlining how Maine proposes to allocate our state's portion of the Volkswagen Environmental Mitigation Settlement funds (VW Trust Funds). NRCM will be submitting more detailed comments in the coming weeks.

As an initial matter, we would like to thank the Maine Department of Transportation, the Governor's Energy Office, and the Maine Department of Environmental Protection for proactively applying to become a trust beneficiary well ahead of the deadline and for supplying this Initial Proposal for Maine's citizens to review and comment on. While we have significant process and substantive concerns about the current Draft Proposal, we believe that the Draft Proposal is an important and positive first step towards fully utilizing these VW Trust Funds to transform Maine's transportation landscape.

We respectfully submit the following comments with two goals:

- First, ensuring that Maine's citizens and business people have a meaningful opportunity to comment on the Draft Proposal, and
- Second, improving the Draft Proposal by making sure that the funds are spent with an eye towards the long-term transformation of Maine's transportation sector and not just a short-term focus on NO<sub>x</sub>/dollar reduction.

### **Goal: Improve public participation in this process**

These VW Trust Funds are an enormous opportunity for the State of Maine and it is critical that Maine DOT receive quality input from the public. However, public outreach so far has been inadequate. Specifically, the public has not been told when the public comment window will close for the Draft Proposal and the amount of notice and publicity for the two public hearings was insufficient. The hearing in Bangor was scheduled with less than a week's notice, not enough time for citizens to make plans to attend or for organizations to alert members with an interest in this topic. Furthermore, the public hearings that were scheduled were not noticed anywhere except the DOT website and facebook, making it difficult for citizens to find out about the hearings at all. These failures mean that citizens may miss their opportunity to comment.

To fix these deficiencies, NRCM requests that you post a comment deadline for the Draft Proposal. In developing our comments, NRCM has been fortunate to hear from a diverse group of stakeholders about how these VW Trust Funds could be spent. Due to the enormity of the opportunity and the complexity of the issues, we need additional time to continue these conversations on the Draft Proposal before we can finalize and send our comments. While we would support significantly more time for comment, given the upcoming holidays and the fact that the Plan is not due to the Trustee until March, we believe that a January 15, 2018, deadline would be adequate middle ground and should be sufficient for the public to comment in a meaningful way.

Furthermore, we would like the opportunity to comment on any future drafts and additional documents outlining the grant process, selection criteria, and reporting requirements. The Draft Proposal is relatively vague about what the funds will actually be spent on, making it difficult for the public to respond and comment without these additional details. Therefore we also believe that it would be appropriate to have an additional hearing once these documents are available. Ideally, these more detailed grant processing

documents should be made available before comments are due on the Draft Proposal. The public should be given a clear comment deadline for any future draft documents and any future public meetings should be publicized with adequate notice.

### **Goal: Improve Draft Proposal's long-term vision for Maine's transportation future**

Maine's proposal for spending the \$21 million in VW Trust Funds must put forward a vision for how these funds will help Maine transform and electrify its transportation infrastructure instead of simply spending this money on whatever project provides the greatest reduction in NO<sub>x</sub> per dollar. Maine has many public policy goals that can be advanced by these funds and which states may consider under the Trust agreement. National Association of State Energy Officials, Volkswagen Settlement Beneficiary Mitigation Plan Toolkit, pp7. These include: reducing CO<sub>2</sub> emissions by 35-45% by 2030 and as much as 80% by 2050 (35 M.R.S. § 576); reducing oil consumption by at least 30% by 2030 and 50% by 2050 (2 M.R.S. § 9(5)(A)); prioritizing the transition to the use of alternative energy sources for transportation (2 M.R.S. § 9(5)(C)); reducing the cost of energy to residents of the state (35-A M.R.S. § 10103(B)); and encourage the use of renewable, efficient and indigenous resources (35-A M.R.S. § 3210). Given that transportation accounts for the largest share of air emissions (including CO<sub>2</sub>) and petroleum consumption in Maine, meeting these goals means the state will need to do much more than reduce dirty diesel engines with cleaner ones.

The \$21 million in VW Trust Funds has the potential to jumpstart the process of electrifying all vehicles types throughout Maine. Evidence is mounting that electrifying vehicles and equipment (such as cars, trucks, school buses, rail cars, ferries, and other machinery) is not only good for Maine's air quality, which will protect Maine's children, older adults, people with lung disease, cardiovascular disease, or diabetes, and other vulnerable populations, but will also have the potential to reduce operating and fuel expenses over the life of the electric vehicles and equipment when compared to conventional vehicles and equipment. In fact, while the initial purchase price for electric vehicles and equipment can sometimes be more expensive than traditional diesel vehicles and equipment, these electrified alternatives are often cheaper to maintain, operate, and fuel, making the lifetime costs equal or even less than the lifetime costs of traditional combustion engine vehicles and equipment. National Association of State Energy Officials, Volkswagen Settlement Beneficiary Mitigation Plan Toolkit, pp31. However, these initial electrification projects can have even greater benefits than initial NO<sub>x</sub> reductions and cost savings. Building the electric charging infrastructure with these funds and demonstrating successful strategies in new technology would make it even easier for future electric vehicle and equipment purchases.

NRCM suggests prioritizing the use of the VW Trust Funds to

- 1) build Maine's electric vehicle infrastructure, and
- 2) reduce the amount of nitrogen oxide (NO<sub>x</sub>) pollution while also saving governments, businesses, and individuals money, and meeting other energy policy goals.

NRCM strongly supports ME DOT's proposal to allocate the full 15% of the funds to build Maine's electric vehicle infrastructure. While electric vehicle technology has made dramatic gains in recent years, lowering the cost of these vehicles while increasing the distances electric vehicles can travel between charging, research shows that consumers still worry that charging stations will not be available to support their daily driving needs. Additionally, evidence shows that drivers will travel farther when publically available fast chargers are readily available. Investing in an electric vehicle charging infrastructure here in Maine will make it easier to grow new electric vehicle sales in Maine.

This is also an opportunity to develop a new tourism opportunity for Maine. Electric vehicle tourism is a growing market, a market in which Maine can become a leader and attract drivers from nearby states and

provinces like New York, Massachusetts and Quebec where an increasing number of EV drivers are looking for destinations that can accommodate their charging needs.

Finally, these funds should be used to help Maine reduce the amount of NO<sub>x</sub> pollution while also saving government, business, and individuals money and meeting other policy goals. The Draft Proposal identifies a long list of potential project types but lacks details about which projects will be prioritized and indicates that projects with greatest NO<sub>x</sub> reductions per dollar spent will be selected. While “NO<sub>x</sub> reduced per dollar spent” may be a good metric for some projects, it will exclude a large majority of electric conversion projects because of the initial set-up costs of building electric charging stations in addition to replacing existing vehicles and equipment with electric vehicles and equipment. DOT’s simplistic NO<sub>x</sub>/dollar approach misses out on other important factors that should guide how these funds are spent. This formulaic approach also fails to consider other benefits of projects, including the likelihood that investments in electrification will leverage additional funds for Maine (such as the National ZEV plan) and also lead to larger future emission reductions.

To be clear, NRCM supports the use of a significant portion of funds for replacing dirty diesel engines or vehicles with newer, more efficient models. However Maine will not maximize benefits to the state by using 85% of the funds for this purpose because replacing a diesel engine with another diesel engine does not create any additional future opportunities for savings and benefits. NRCM will elaborate in additional comments, but urge the DOT to consider allocating roughly 50% of the funds for electrification. In addition to light duty charging, we encourage a considerable focus on medium and heavy-duty electric and plug-in hybrid busses.

We encourage DOT to take broader public policy and energy policy goals into consideration when choosing which projects to fund with this money. For example:

- Would the project have the additive impact of encouraging future electrification of Maine’s transportation and equipment systems?
- Will this project showcase new EV potential in Maine?
- Are there additional funds that will be leveraged for this project?

In closing, NRCM is excited by the opportunity that these funds provide for Maine and we encourage DOT to use these funds strategically to promote Maine’s transition to electrification of the transportation sector over a simple NO<sub>x</sub>/dollar calculation. We ask that the public be allowed to comment on the Draft Proposal until January 15<sup>th</sup> and that the public be given an opportunity to comment on any future documents outlining the grant-making process.