**Analysis of Colorado Department of Public Health and Environment Draft Volkswagen Settlement Beneficiary Mitigation Plan:
draft plan supports a transition to electric vehicles**

The Colorado Department of Public Health and the Environment has released a draft plan or how the state will allocate approximately $70 million in funding that the state will receive as part of the settlement of the VW emissions cheating scandal. The settlement funds are designed to reduce air pollution from vehicles, in order to mitigate the effects of the noncompliant VWs.

During a public comment period in 2016, the overwhelming sentiment expressed was that the state should focus these funds on helping transition the state to electric vehicles, which have no tailpipe emissions. SWEEP submitted joint comments with Conservation Colorado, COPIRG, the Natural Resources Defense Council and Western Resource Advocates asking CDPHE to allocate the maximum amount allowed under the settlement (15% or $10 million) towards electric vehicle charging infrastructure, and to focus the remaining 85% on replacing diesel transit buses with electric buses.

The draft plan does include the full $10 million for EV charging. **SWEEP strongly supports this element of the plan.** Colorado already has the 6th highest EV market share in the nation, but the leading state has nearly 4 times the market share. Adding EV charging at workplaces, at apartments and condos, and fast charging at key destinations like DIA and along highway corridors is critical to enabling many more people to switch to an electric vehicle.

The draft plan envisions 40-50 fast chargers along corridors, with incentive levels of $110,000-$165,000 per charger. A recent analysis by the National Renewable Energy Laboratory of charging needs in Colorado found that fast charging along corridors will be important to support a larger EV market in Colorado, and a study that SWEEP conducted for the City of Denver and the Regional Air Quality Council that examined the costs and business models for fast charging provides support for the proposed incentive levels. We would note that the Colorado Department of Transportation has also committed funding from the Alternative Fuels Colorado program to fast charging along highway corridors, which will further leverage the VW investment.

The plan also envisions investments in community charging investments in workplaces, multifamily housing, public parking lots, and recreational destinations such as ski areas and parks. The draft maximum incentive levels are $9,000 for a dual port level 2 charger and $22,000 for fast charging, and can include the investments necessary to get electrical service to the charging station.

In order to make these dollars go even further, we encourage the state to partner with electric utilities, to have the utilities invest in getting electricity to the sites, with VW funds used just for buying and installing the chargers. The cost of getting electricity to the charging locations is typically about half the total cost, so this type of partnership could double the impact of the VW investment.

The plan also includes $18 million for alternative fuel buses for public transit agencies.

The plan allows either electric or CNG buses, but sets much higher incentive levels for electric buses. The plan will pay for 110% of the incremental cost of an electric bus plus charging equipment. In practice, this likely means approximately $450,000 per vehicles, as is described in a sample scenario in the draft plan. For CNG vehicles the plan would not fund fueling stations, but would pay 110% of the incremental vehicle cost, likely about $150,000/vehicle**.**

Switching transit buses to electricity has multiple benefits – saving transit agencies money so they can offer more service and keep more cars off the road, reducing noise and pollution in highly populated areas, and offering the biggest reductions in air pollution and greenhouse gas emissions. We urge CDPHE to focus the entire $18 million on electric buses; in practice, the transit industry is moving towards electric buses and we anticipate that the vast majority of applications will be for electric buses.

This is another area where we urge a partnership with electric utilities. While Colorado's investor owned utilities are

2334 Broadway, Suite A • Boulder, CO 80304 • tel: 303.447.0078 • fax: 303.447.0158 • www.swenergy.org

currently barred by statute from providing charging services, there is no prohibition of investing in the infrastructure necessary for charging. Utility involvement will leverage these funds, allowing a larger number of electric bus replacements.

The plan also includes $18 million that is dedicated to alternative fuel trucks and for school buses and shuttle buses. The plan allows CNG, propane or electric vehicles, but sets higher incentive levels for electric vehicles. It also allows the replacement of pre 2001 medium duty diesel trucks owned by small private fleets (less than 10 vehicles) to purchase new diesel vehicles. For example, for a school district replacing diesel school buses could receive $200,000 for an electric bus, $50,000 for a CNG bus or $30,000 for a propane bus. The plan would include funding for EV charging infrastructure. Based upon the experience with incentives for electric trucks and buses in other states, we believe that these incentive levels will be high enough to spur significant adoption of electric trucks and school buses. We would urge CDPHE to focus all of these funds on electrification, rather than allowing funds to be used for fossil fuel vehicles; but given the incentive levels most vehicles funded through this program would likely be electric.

The plan sets aside $12.2 million of "flex funds." These would be dollars that would be held for the initial years and then allocated to the areas with the greatest demand. We would urge that these funds be used to advance electrification of buses and trucks.

The remaining proposed allocations are $5 million for administration, and $5 million for eligible activities under the Diesel Emissions Retirement Act. We believe these are reasonable allocations.