January 17, 2018

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Re: Comments on MaineDOT's *Proposed VW Environmental Mitigation Plan*

On behalf of the undersigned groups, we are pleased to offer these comments on Maine Department of Transportation's (MaineDOT's) *Proposed Maine Environmental Mitigation Plan* (Proposal) outlining how Maine proposes to allocate our state's portion of the Volkswagen Environmental Mitigation Settlement funds (VW Funds). Some of the undersigned organizations may be submitting individual comments with additional information or considerations for the MaineDOT, however as a whole we support these joint recommendations as balancing multiple goals that can be achieved with the VW funds.

The $21 million in VW Funds has the potential to significantly and positively impact Maine's transportation sector, Maine's businesses, Maine's towns, and Maine's air quality, but only if these funds are invested strategically to prioritize electrification and the utilization of matching funds from federal and private sources. We are pleased that Maine has applied to become a trust beneficiary and has supplied this Proposal for Maine's citizens to review and we support key elements of the Proposal. Specifically, we strongly support MaineDOT's plan to allocate the maximum amount of funding available to build out Maine's electric vehicle service equipment (EVSE), as well as MaineDOT's emphasis on EVSE that enables visitorship from surrounding states and provinces.

We also believe that the Proposal can and should do more to present a vision for how these funds could be used to transform Maine's transportation sector, further Maine's existing policy goals of improving air quality and transportation in Maine, and continue to engage Maine's citizens in this process, as required under section 4.1 of Appendix D of the Partial Consent Decree.

Our comments can be summarized to include four key points:

1. **Vehicle electrification should be prioritized, even beyond the 15% allocation for passenger vehicle charging, to include transit, ports, and fleets, because this will be good for our air quality, reduce transportation costs, benefit our economy as a whole, and even reduce electrical grid costs and rates.**

2. **A strong, coordinated electric vehicle (EV) charging infrastructure system, including fast-charging corridors and long-stay destination charging, should be part of an overall effort to improve Maine's attractiveness to tourists and other visitors, thereby benefiting one of Maine's biggest economic sectors.**

3. **Funding allocations should be based on multiple factors rather than the Proposal's narrow nitrogen oxide (NO_x) reductions per dollar, including capacity to leverage other funds, lower total transportation costs, and positioning the state for additional benefits (including long-term NO_x reductions).**

4. **The proposed allocation of VW funds should be amended to ensure balance across sectors, rather than basing it on different programmatic mechanisms.**

Vehicle Electrification

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, and people with lung disease, cardiovascular disease, or diabetes, 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 charging equipment can be more expensive than traditional vehicles and equipment, these up-front costs are steadily decreasing, and electrified alternatives are often cheaper to maintain, operate, and fuel, making the lifetime costs equal to or even less than the lifetime costs of traditional combustion engine vehicles and equipment. If implemented strategically, vehicle electrification can also improve the utilization efficiency of the electrical grid, which can lower electricity costs and the rates all customers pay.

Coordinated Electric Vehicle Charging Infrastructure

We strongly support MaineDOT's proposal to allocate the full 15% of the funds to build out Maine's passenger 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. Evidence also shows that drivers will travel farther when publically available fast chargers are readily available. In addition to benefiting Maine drivers, building Maine's EV charging infrastructure is an opportunity to develop new tourism 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.

Fast charging corridors should be considered along the major routes that visitors travel, including the Interstate, Route 1 throughout the mid-coast to Ellsworth, Route 2 west of Skowhegan, Route 201 north of Waterville, and Routes 1A/3 between Bangor and Acadia National Park. This strategy should be paired with a significant allocation for Level 2 chargers where travelers are expected to make longer stays such as inns and hotels, parks, ski areas, or multimodal hubs. Level 2 chargers are also appropriate at multi-unit dwellings and for workplace charging, which can benefit Mainers.

Funding Allocation Criteria

We also support the use of a 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 simple diesel engine replacements. Though replacing a diesel engine with another diesel engine achieves immediate NO_x reductions, those achievements are finite and do not create any additional future opportunities for savings and benefits. Instead of using NO_x reductions per dollar as the primary deciding factor in awarding VW Trust Funds, we suggest a more complete evaluation that prioritizes projects that

A. Reduce NO_x pollution,
B. Leverage additional federal or private funds,
C. Provide additional savings over the life of the vehicle or equipment,
D. Have additional air quality and environmental benefits, and
E. Position Maine for further electrification investments and benefits.

These added criteria would help stretch the VW Trust Funds farther, create added health benefits, and would save towns, businesses, and citizens money by ensuring that replacement vehicles or equipment is cost effective to own and operate over its life-cycle.

For example, we would urge prioritized funding for transit bus electrification over simple diesel engine replacement if an applicant demonstrates that the lifetime cost of the bus would be the same or less than the lifetime cost of an equivalent high-efficiency diesel bus, especially if the applicant could demonstrate that the VW Trust Funds were able to leverage additional private and federal funds. For these reasons and others, we believe busses (transit, school busses, etc.) should be a primary focus for on-road heavy duty emission reductions with these funds.

Furthermore, the overall settlement with VW over emissions cheating will result in $900 million in additional forthcoming grants to states outside of California specifically for electrification. These funds will undoubtedly flow most, and most quickly, to states demonstrating progress in electrification. Even aside from these forthcoming funds, investments in electrification infrastructure and demonstration of vehicle suitability using VW Trust funds will lead to future investments in low-polluting vehicles and yield down-the-road benefits that cannot be calculated in a static NO_x/dollar formula.

Balanced Funding Allocations

Finally, we urge MaineDOT to revise its funding allocations to achieve sector diversity, using the proportion of NO_x emissions from different transportation subsectors in Maine as a reference point. As mentioned above, we support allocation of 15%, the maximum allowed, to the deployment of charging infrastructure for light-duty vehicles, although these vehicles account for nearly 40% of emissions. The remaining allocations, by emissions subsector, should be approximately:

- 45% for on-road heavy duty vehicles (which should be achieved with a focus on busses),
- 25% for non-road vehicles, including rail,
- 15% for marine vessels.

We believe the Diesel Emissions Reduction Act (DERA) program and specifically Maine's Clean Marine Engine program, is an appropriate way to administer some of the funds. However, Maine will not maximize benefits to the state by using a majority of the funds for simple diesel engine replacements and the use of these funds should be limited to those diesel replacement projects with the greatest health and economic benefits and where a large-scale transition to electrification or alternative fuels is further off.

In closing, we thank you for the opportunity to comment on the Proposal and for the hard work that went into crafting the Proposal. We are excited by the opportunity that these funds provide for Maine and we encourage MaineDOT to use these funds strategically to promote Maine's transition to electrification of the transportation sector over a NO_x/dollar calculation.

Respectfully,

Acadia Center

American Lung Association in Maine

Central Maine Power

A Climate to Thrive

Conservation Law Foundation

Emera Maine

Freeport Sustainability Committee

GrowSmart Maine

Island Institute

Maine Automobile Dealers Association, Inc.

Maine State Chamber of Commerce

Maine Innkeepers Association

Maine Transit Association

Natural Resources Council of Maine

ReVision Energy

The Nature Conservancy

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