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**Via electronic submittal**

Nebraska Department of Environmental Quality  
Air Quality Division, Attn. Randy Smith  
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(402) 471-2186

Subject: OPPD Comment's on the Development of a Nebraska Mitigation Plan under  
the Volkswagen Environmental Mitigation Trust

Dear Mr. Smith:

Please find OPPD's comments regarding the NDEQ's request for public comment on the development of a Nebraska Mitigation Plan under the Volkswagen Environmental Mitigation Trust.

If you have any questions concerning the contents of this submittal, please contact me at (402) 636-2316.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Russ Baker", is written over the typed name.

Russ Baker  
Director - Environmental and Regulatory Affairs

## OPPD Response

### **To Request for Public Comment on the Design of the Nebraska Mitigation Plan under the Environmental Mitigation Trust**

Omaha Public Power District (OPPD) is a publicly-owned electric utility that serves a population of approximately 810,000 people in Nebraska. OPPD is governed by an elected board of eight directors. Headquartered in Omaha, Nebraska, OPPD is a self-supporting subdivision of state government. All revenue for operating expenses and routine improvements and additions is acquired by OPPD through the sale of electricity and related services. OPPD owns and operates its own generation, transmission and distribution facilities, serving more than 360,000 customers in 13 southeast counties. Funds for major construction expenditures come from the sale of revenue bonds on the private bond market. OPPD receives no tax income and has no taxation power.

#### **1. Which of the mitigation actions eligible under the Trust should be part of the Nebraska Mitigation Plan?**

Based upon the proposed 10 categories, OPPD evaluated and identified the vehicles and equipment that would reduce the most Nitrogen Oxides (NOx) and make the most economical sense to our customer-owners to mitigate. OPPD supports the mitigation activities under categories 6: Medium Local Freight Trucks, 9: Light-Duty Zero-Emission Vehicle Supply Equipment), and 10: Diesel Emission Reduction Act (DERA) Option.

#### **2. Should Nebraska limit the number of eligible mitigation actions to best suit the needs of Nebraska and to ensure effective administration of the funds?**

No comment

#### **3. What percentage of Mitigation Trust funds, if any, should Nebraska reserve for light duty zero-emissions vehicle charging infrastructure (maximum of 15%)?**

OPPD supports using the maximum allowable of 15 percent to support light duty zero-emission vehicle charging infrastructure. Efforts should focus on Electric Vehicle Supply Equipment (ESVE) due to the maturity levels of the technologies and the future direction of the vehicle market. Many traditional vehicle Original Equipment Manufacturer (OEM) including, but not limited to, Volkswagen, GM, Ford, Volvo, Mazda, Toyota and Nissan have announced plans to either significantly increase the number of EV models offered or move towards and EV-only future. Battery costs have significantly declined in recent years and are projected to make the total cost of ownership of EVs less than internal combustion engines in the next 5 to 10 years<sup>1</sup>.

Research has shown that one of the major barriers to EV adoption is a lack of available public charging infrastructure<sup>2</sup>. The Mitigation Trust fund is a great opportunity for

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<sup>1</sup> Source: Navigant, Avicenne Energy, Berstein

<sup>2</sup> Source: 2016 Strategic Vision Survey

Nebraska to get a jumpstart toward providing the necessary infrastructure to meet the needs of an EV future for Nebraska.

**4. Should Nebraska utilize Trust funds for the DERA option, and if so, which of the DERA program actions should be eligible?**

OPPD supports the use of the Diesel Emission Reduction Act (DERA) option for several reasons. The National DERA program has been narrowly focused and has not included idle reduction technologies in the past few years that the District can utilize. Under the Nebraska DERA program administration, the funding has been focused on providing school bus rebates.

The DERA option would include idle reduction technologies and OPPD would propose expanding beyond the current requirement of long haul trucks to include utility-type trucks. A battery option for utility-type trucks, which would keep the power systems working, but allow the engine to be turned off, could be another item to consider. Batteries would be one of the most effective mitigation activities for the District to reduce NOx in utility-type trucks.

Utilizing idle reduction technologies would allow OPPD customer-owners to save on maintenance costs, reduce the number of hours on the engines, reduce fuel costs, but most importantly, it would reduce NOx. Multiple types of vehicles in the OPPD fleet could be mitigated with idle reduction technologies or batteries such as streetlight trucks, troubleshooter trucks, crew aeriels, and digger derricks.

**5. To provide additional benefits to taxpayers through reduced costs for acquisition, operation, and fuel, should Nebraska's mitigation program give preference to replacement of publicly-owned diesel vehicles and equipment?**

As a publicly-owned utility in an all-public power state, OPPD would advocate that preference should be given to publicly-owned vehicles and equipment. Every grant dollar that OPPD receives helps our customer-owners.

**6. Should mitigation projects for governmental entities be funded at 100% as allowed by the Trust, or should state agencies, municipalities, and school districts be required to provide cost-share funds, and if so, what cost-share percentage should be required?**

In principle, OPPD would support entities providing cost-share to maximize the Trust funds and to spread the benefit to as many entities as possible. However, upon evaluation and analysis of qualifying diesel vehicles in the fleet, OPPD identified several examples where the cost-share would need to be waived or very low in order for it to make financial sense to our customer/owners to replace a diesel vehicle due to the scrappage requirements. It was not clear if the settlement funds would cover the entire replacement cost of a fully equipped vehicle (such an aerial truck) or just the chassis.

The District would ask NDEQ to take under consideration, if possible, the scrappage requirements. When a vehicle is no longer in service, the District typically resells the vehicle to get the most recovery back as possible for our customer-owners. These vehicles tend to replace even older vehicles in service for the buyers. By requiring scrappage of the vehicles, the program may be requiring older, higher polluting vehicles

to remain in service longer than intended and actually increasing the NOx emissions for the work being completed by those buyers. For a vehicle replacement, is it possible under the Trust terms to scrap the diesel engine, but allow for resell of the remaining vehicle parts? This would satisfy the requirement of taking the diesel engine out of service, but allowing our customer-owners to still recover some of the value. Analyzing the data indicates this option would be financially viable only at a very high funding level for each vehicle replaced.

**7. To ensure efficient use of funds and effective administration, should Nebraska establish a minimum overall project cost for mitigation projects and if so, what is an appropriate minimum cost?**

OPPD would agree with NDEQ's consideration of establishing a minimum overall project cost to reduce administrative costs. It takes considerable time and effort to effectively administer the funds. The District would propose a minimum overall project cost of not less than \$10,000.

**8. Should Nebraska's plan give preference to certain power sources, such as diesel, compressed natural gas, propane, battery electric, or hydrogen fuel cell?**

OPPD supports all power sources which eliminate NOx, however would suggest pursuing battery electric vehicles. With the total cost of ownership nearing parity between traditional vehicles and electric vehicles, it seems essential to support the technology which will most likely have the highest adoption rate in the future, as well as significant impact to NOx reduction.

**9. How should Nebraska design a program to ensure that benefits occur in areas with a disproportionate share of NOx emissions?**

A larger portion of the funds should target the counties that had the most registered VW diesel vehicles and highest NOx emissions. One idea might be to assign additional priority points to the counties with a disproportionate NOx emissions for the scoring process.

**10. Should Nebraska distribute Trust funds across the state or focus on those counties with higher NOx emission? (see chart on pg. 6)**

OPPD suggests focusing a larger portion of the funds on the counties with the highest NOx emissions and largest number of VW diesel vehicles that were in use for the most impact. However, rural areas should also have an opportunity to put forth impactful projects and should be allowed to apply for a portion of the funds.