



Airlines for America®

We Connect the World

January 11, 2017

Submitted via email to VWsettle@tceq.texas.gov

David Brymer, Director—Air Quality Division
Texas Commission on Environmental Quality
Implementation Grants Section, MC-204
P.O. Box 13087
Austin, TX 78711-3087

Re: Volkswagen Environmental Mitigation Trust

Dear Mr. Brymer:

Airlines for America® (“A4A”) would like to thank the Texas Commission on Environmental Quality (“TCEQ”) for the opportunity to comment on the State’s use of the Volkswagen Consent Decree Environmental Mitigation Trust funds and recommend that the State include projects that replace or repower airport ground support equipment with all-electric forms (“GSE projects”) as an eligible mitigation action in its Beneficiary Mitigation Plan.

A4A is the principal trade and service organization of the U.S. airline industry.¹ A4A and its airline members have a strong record of advancing environmental goals, including actively supporting efforts to achieve and maintain clean air, while also driving economic growth. For example, emissions from the commercial aviation sector constitute less than two percent of domestic greenhouse gas emissions nationally and have had much slower growth from 1990 levels (5%) compared to the transportation sector overall (17%) and on-road sources in particular (24%).² At the same time, our industry drives the national and state economies. In Texas in 2012, civil aviation contributed nearly \$98 billion in economic output, \$30.2 billion of which was attributable to commercial airline operations alone. Civil aviation also supported over 777,000 jobs and contributed 3.8 percent to the state’s gross domestic product. Texas was ranked third in economic output related to aircraft manufacturing at \$16.3 billion and was ranked fourth in economic output of air couriers, total visitor expenditures, and value of air freight flow at \$4.2 billion, \$38.2 billion, and \$47.8 billion, respectively.³

¹ A4A’s members are: Alaska Airlines, Inc., American Airlines, Inc., Atlas Air, Inc., Federal Express Corporation, Hawaiian Airlines, JetBlue Airways Corp., Southwest Airlines Co., United Continental Holdings, Inc., and United Parcel Service Co. Air Canada, Inc. is an associate member.

² See U.S. Environmental Protection Agency, Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990-2014 (April 2016), Table A-115. Moreover, this lower rate of growth is from a much smaller base.

³ Federal Aviation Administration, The Economic Impact of Civil Aviation on the U.S. Economy: Economic Impact of Civil Aviation by State (2015), available at https://www.faa.gov/air_traffic/publications/media/2015-economic-impact-report.pdf. Nationally, commercial aviation drives 10.2 million U.S. jobs, \$1.5 trillion per year in economic activity and 5 percent of U.S. gross domestic product.

U.S. airlines have achieved this level of simultaneous economic and environmental performance because we have relentlessly pursued and implemented technology, operational, and infrastructure measures to minimize our environmental impact. Among these measures, A4A member airlines have proactively worked with airports around the country to reduce emissions through cost-effective electrification of GSE. The United States and California have recognized the significant contribution GSE electrification can provide by naming it as an “Eligible Mitigation Action” (“EMA”) that qualifies for funding from the Environmental Mitigation Trust (“Trust”) established under the Volkswagen Consent Decree.

In accordance with the Consent Decree, A4A member airlines are well positioned to assist the State in making cost-effective, sustained emissions reductions in areas that bear a disproportionate share of the air pollution burden in Texas. GSE projects are often located in areas that receive a disproportionate quantity of air pollution from diesel fleets simply because airports are major hubs of economic activity. Moreover, because GSE are only operated on airport grounds, the State will have confidence in knowing that when it funds GSE projects the emissions benefits will be realized exclusively in that priority area. Additionally, emissions reductions from GSE projects will improve air quality not only for the surrounding residents but also for workers on airport grounds.

GSE projects are cost-effective. Member airlines have unlocked state grant funds with cost-effectiveness thresholds in the past,⁴ and that experience readies them to propose equally cost-effective projects to make real differences in the local air quality surrounding airports in Texas.

Similarly, member airlines and the airports they partner with have demonstrated experience and programmatic structures in place to effectively and efficiently implement GSE projects to reduce emissions. Member airlines have experience with the Federal Aviation Administration’s Voluntary Aircraft Low Emissions (“VALE”) Program, the Carl Moyer Program, and other state and local programs, and have implemented their qualifying projects effectively and efficiently. In fact, the VALE program has provided funding to electrify gates at Dallas-Fort Worth International, George Bush Intercontinental, William P. Hobby, and Dallas Love Field airports to eliminate the use of diesel GSE associated with those gates. Securing funding from the Trust for further GSE electrification will allow the airlines to realize additional air quality benefits for the communities surrounding these and other airports across Texas.

More specifically, our member airlines have expressed interest to repower or replace at least 350 pieces of equipment at Austin-Bergstrom International, Dallas-Fort Worth International, George Bush Intercontinental, William P. Hobby, and San Antonio International airports at an estimated cost of at least \$29.7 million total. Implementing GSE projects at these airports will improve air quality for the Texans living in nearby communities.

Our member airlines recognize that as non-government entities they will have to share the capital costs of replacing airline-owned GSE with all-electric alternatives. To be sure, electric GSE cannot be deployed without supporting infrastructure such as onsite power distribution and sufficient point of use recharging equipment, which typically is owned and operated by airport operators. As such, airlines envision partnering with airport operators in integrated GSE electrification projects that will enable cost-effective investments in electric GSE. Considering airports in Texas are usually owned by local governments, A4A encourages TCEQ to incorporate clear funding mechanisms and programs to accommodate this real-life scenario, as airports will not likely invest in infrastructure without demand and airlines will not purchase electric GSE without guaranteed supporting infrastructure.

A4A also recommends that Texas use non-competitive funding programs to disburse the Trust funds to the various categories of projects. GSE projects are a cost-effective, long-term solution to mitigate nitrogen oxide emissions, but competitive grant processes are often prohibitively risky for GSE projects.

⁴ See e.g., Carl Moyer Program Guidelines (2011), Appendix G, available at <https://www.arb.ca.gov/msprog/moyer/guidelines/current.htm>.

Airline budgetary plans require higher levels of certainty throughout the planning process than competitive grants can guarantee. On the other hand, vouchers and rebates provide airlines the certainty necessary to invest resources in planning for equipment acquisition and in coordinating with airports to secure associated infrastructure. Reducing risk and streamlining the disbursement of Trust funds are especially important for our members who intend to continue to promote emissions reductions across the nation through investment in GSE projects under the Trust.

Lastly, A4A urges Texas to carefully consider allocation of funds to the DERA Option. The requirements projects must meet to fulfill program requirements under DERA decrease the scope of projects that could possibly be funded through the Trust. Projects that may not fit within the project criteria of DERA may nonetheless effectively reduce emissions. Texas should not limit the types of projects applicants can use by over-allocating funds to the DERA Option.

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Thank you for your consideration. Please let us know if you have any questions regarding our comments, and we look forward to working with TCEQ and the State moving forward.

Sincerely,



Veronica Bradley
Manager
Environmental Affairs
Airlines for America

CC: David S. Fulton, Director—Division of Aviation, Texas Department of Transportation,
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