



July 26, 2018

Commissioner Jon Niermann
Texas Commission on Environmental Quality
Air Quality Division
Implementation Grants Section, MC-204
P.O. Box 13087
Austin, TX 78711-3087

Re: Volkswagen Mitigation Trust Funds for Alternative Fuel Vehicles

Dear Commissioner Niermann,

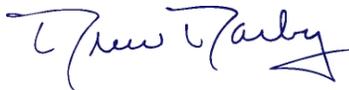
We appreciate the opportunity to submit stakeholder comments about priority options to effectively use the Volkswagen Settlement funds. We urge inclusion of the following criteria:

1. **Keep administrative costs low.** We applaud your decision to limit administrative costs to not more than half of the fifteen percent permitted under the terms of the settlement, and encourage you to seek ways to drive the overhead costs even lower. Texans pride themselves on lean, efficient government. TCEQ has demonstrated with the TERP program that it can achieve air quality improvements with very low overhead, either through TCEQ staff or third-party administrators. By furthering the use of technology such as webinars, offering consistent programs across the state and simplifying application and reporting procedures, TCEQ can ensure that the funding achieves maximum NOx reductions.
2. **Distribute the money in a timely manner.** Distributing as much of the funding as quickly as possible reduces administrative costs and provides the most immediate air quality benefits. As we have seen with the ballooning TERP fund balance, money left in government coffers tends to be diverted for other purposes. We need to put this money to work in Texas, not leave it sitting in a federal bank account.
3. **Prioritize funding for vehicles with NOx emissions below current standards.** Current electric, natural gas and propane engines can meet the needs of Texas fleets and are CARB-certified to produce 50-90 percent less NOx than comparable diesel engines. Including specific set-aside amounts for ultra-low emission vehicles will drive manufacturers to produce more vehicles that meet these standards, thus ensuring TCEQ gets the maximum NOx reductions from their investments. This strategy will move the market for all medium and heavy-duty vehicles, not just those funded through the VW Settlement funds. If diesel manufacturers see a demand by their customers for ultra-low emission vehicles, they will speed up their efforts to bring them to market. This will magnify the air quality benefits of the VW Settlement, by impacting the broader market.

4. **Prioritize funding for Texas-produced fuels.** The U.S. is a net exporter of propane and natural gas, much of it produced in our state, while 19 percent of our petroleum is imported. In 2011, the Texas legislature had the foresight to amplify the impact of the Texas Emissions Reduction Plan by targeting some of the funding toward Texas-produced fuels, like natural gas, propane and renewable energy. These Texas-produced fuels build our Texas economy, help fund our schools and roads, secure our energy independence and create good-paying jobs for fellow Texans. The TCEQ can magnify the impact of VW Settlement funds by creating programs specifically targeting these fuels.
5. **Require plans for adequate refueling infrastructure.** Many fleet vehicles do not travel outside their local area, and only require a limited number of refueling stations. As long as the applicant fleet can demonstrate refueling adequate for its routes, the range or availability of statewide public refueling should not be used as a factor in scoring the application.
6. **Allow fleets to purchase older diesel vehicles from other fleets to use for replacement.** A large portion of the oldest diesel vehicles operating on Texas roads are owned by small businesses that cannot afford brand new replacements. The Texas legislature amended the Texas Natural Gas Vehicle Program to enable other fleets to purchase these old diesels and replace them with new natural gas or propane vehicles. A similar provision in the VW Settlement funding would help ensure these hard-to-reach, high-polluting vehicles are removed from Texas roads.

These common-sense criteria can help ensure that the harm caused to Texans can generate the maximum benefits possible to keep our air clean and our industries able to expand production and put more Texans to work in good-paying jobs.

Sincerely,



State Representative Drew Darby
Chairman, Energy Resources Committee



State Representative Tony Dale
Member, Energy Resources Committee



State Representative Jason Isaac
Member, Energy Resources Committee



State Representative Stan Lambert
Member, Energy Resources Committee



State Representative Ben Leman
Member, Energy Resources Committee