

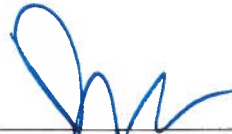
FORM # 1

FORM FOR PETITIONING THE STATE ENVIRONMENTAL COMMISSION FOR  
ADOPTION, FILING AMENDMENTS OR REPEAL OF COMMISSION REGULATIONS

1. Nevada Division of Environmental Protection  
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February 28, 2017



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3/22/17

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2. The Nevada Division of Environmental Protection (NDEP) is a division of the Nevada Department of Conservation and Natural Resources of the State of Nevada. The NDEP is an environmental regulatory agency.
3. Nevada Revised Statutes (NRS) 445B.210 establishes the authority of the State Environmental Commission (SEC) to adopt regulations to prevent, abate and control air pollution. NRS 445B.770 establishes specific authority of the SEC regarding the establishment of regulations that control emissions from motor vehicles and the appropriate criteria and procedures for the approval, installation and use of devices for the control of emissions from motor vehicles.

SPECIFIC CHANGES:

The NDEP is proposing to provide an exemption, under certain circumstances, from requirements that motor vehicles registered in Nevada that were originally equipped with devices to control pollution, must have those devices correctly installed and in good operating condition.

The amendment proposes to:

- Provide an exemption that applies to those motor vehicles subject to a settlement agreement entered into by the State of Nevada, an Agency of the State of Nevada, or to which the State of Nevada is a beneficiary, that is intended to mitigate the effects of any device for the control of pollution which is not correctly installed or in operating condition in accordance with the specifications of the vehicle manufacturer and any applicable state or federal statute or regulation.
- This exemption would apply to the vehicles manufactured by the Volkswagen Group that are subject to the Volkswagen 2.0L Partial Consent Decree Environmental Mitigation Trust Agreement (Subject Vehicles). It would also apply to any other motor vehicles subject to a similar settlement agreement that the State of Nevada

would be a party to in the future.

- The exemption applies to all motor vehicles that are sold, offered for sale, being operated or left standing in the State.
- The amendment provides an exemption from Nevada regulation for those motor vehicles subject to a settlement and that are required by state or federal law to be equipped with devices for the control of pollution. The exemption relieves the owner of the requirement that those devices be correctly installed and in operating condition in accordance with the specifications of the vehicle manufacturer and any applicable state or federal statute or regulation.
- The amendment does not relieve the owner of the requirement to obtain evidence of compliance with the Nevada emission inspection program prior to registration of the vehicle in those counties where the program is being implemented, i.e. the vehicle must pass the annual emission inspection and will not be exempted for other mechanical defects or disrepair that results in a test failure.

4. NEED FOR AND PURPOSE:

The State of Nevada is seeking Beneficiary Status in the matter of the Volkswagen 2.0L Partial Consent Decree Environmental Mitigation Trust Agreement. The State likely qualifies as a beneficiary due to the environmental harm suffered by the State from emissions that exceeded EPA-compliant levels emitted by the diesel-powered Subject Vehicles identified in the settlement manufactured by the Volkswagen Group. To qualify as a beneficiary, the State must certify that it shall not deny registration to any Subject Vehicle based solely on the fact that it has a defeat device installed that renders ineffective or inoperable an installed device for the control of pollution. The 2.0L Partial Consent Decree requires the Volkswagen Group within the next two years to take steps to address the emissions from at least 85% the Subject Vehicles. This will be accomplished through either a vehicle buyback/early lease termination program, or through an emissions modification recall program. NDEP expects that these programs will be effective in substantially reducing future emissions from the Subject Vehicles.

The regulatory amendment is needed to allow the State of Nevada to qualify for Beneficiary Status. As a beneficiary, the State expects to receive approximately \$25 million to be used for diesel emission reduction projects and zero emission vehicle infrastructure projects (electric vehicle charging stations) that are intended to mitigate the excess nitrous oxide emissions produced by the Subject Vehicles. The expected reductions in emissions resulting from these projects, combined with the long-term environmental benefits of providing charging infrastructure which may help facilitate a transition to clean electric vehicles, outweighs the future environmental harm presented by allowing the Subject Vehicles to remain on Nevada's roadways.

5. ECONOMIC EFFECTS:

- (a) Regulated Business/Industry. The proposed amendments will have no economic impact on any regulated businesses.

- (b) Public. The proposed regulation will have no negative economic impact on the public at large; it will have a positive economic benefit for those owners of the vehicles subject to the amendment.
  - (c) Enforcing Agency. The proposed amendments will have no economic impact on NDEP or DMV.
6. The proposed amendments do not overlap any other State or federal regulations.
  7. The proposed amendments are no more stringent than what is established by federal law.
  8. The proposed amendments do not address fees.