



Caterpillar Inc.
Large Power Systems Division
P.O. Box 610
Mossville, IL 61552

May 21, 2018

Chair Mary D. Nichols
California Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: Volkswagen Mitigation Plan

Dear Chair Nichols:

Caterpillar and its wholly owned subsidiary Progress Rail appreciate the opportunity to provide comments on California's Beneficiary Mitigation Plan for the Volkswagen Environmental Mitigation Trust. Caterpillar has previously submitted comments on February 23, 2018 concerning the cost effectiveness of certain applications including locomotive, marine and nonroad equipment and I am resubmitting them for your reference as they describe an opportunity for significant air quality benefits.

Unfortunately, the proposed plan does not allow for local air districts to combine these VW funds with other funding sources thus limiting their overall effectiveness. As accurately stated in the Placer County Air Pollution Control District's comments to you May 11, 2018, the ability to fund a locomotive project costing \$1.5 to \$2 million per unit is out of reach of some smaller Districts based on their current funding levels from traditional incentive programs such as Carl Moyer Program. If allowed to combine Moyer dollars with VW funding as well as other programs, the District would be able to achieve funding levels attracting end users and address their local air quality needs.

In discussing the "stacking" issue with staff, there were concerns raised on the ability to accurately account for the required NOx reductions and/or possible "double counting" of reductions. Again, we support the Placer County position that air districts have the ability through AB 923 to apply PM reductions to that program while the NOx reductions would remain with the VW Settlement commitments.

In closing, we appreciate the opportunity to comment and staff's willingness to meet with us concerning these program issues and it is our hope this accommodation can be made.

Sincerely,

A handwritten signature in black ink that reads "Mike Rochford". The signature is written in a cursive, flowing style.

Mike Rochford
Director, Emissions Regulations & Conformance