Volkswagen Settlement

By
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Background

• From 2009 thru 2015 Volkswagen sold 2.0 and 3.0 liter diesel powered vehicles equipped with illegal “defeat devices”.

• Due to these defeat devices, these vehicles emitted ten to forty times above the NOx standard.

• As part of the settlement VW is required to spend a total of $2.7 billion on emission reduction strategies/programs in the U.S.
Background

• All States were eligible to receive settlement funds under this agreement.

• States are eligible to receive funds based on the number of illegal diesel vehicles that were sold in each state.

• Approximately 16,357 of the illegal 2.0 and 3.0 liter diesel vehicles were sold in Maryland.

• Based on this number, Maryland is eligible to receive $75.7 Million.

• States have up to ten years to spend funds.
Background

• As part of the settlement with Volkswagen, a Trust Fund was developed to fund projects to reduce NOx emissions from the transportation sector.

• The Federal Government, California, and VW shall select a Trustee to manage and award funds for projects submitted under this Agreement.

• States shall select a Beneficiary Lead Agency that will develop a workplan outlining how the State will spend its funds and submit projects to the Trustee.
Timeline

• Trust Effective Date (TED): Trust Finalized between the court and Trustee. This occurred October 2, 2017.

• Within 60 days of TED, Maryland must submit certification form to become a Beneficiary and name a Lead Agency.

• Within 120 days of TED, Trustee must file list of designated Beneficiaries.

• Once designated, a Trust Mitigation WorkPlan outlining the use of Funds must be submitted at least 30 days prior to first request for funds.
Eligible Projects

• Only projects outlined in the consent decree (Appendix D) are eligible for funding under this Mitigation Plan.
  – Most vehicles can be repowered with any new diesel or alternate fuel engine or all-electric engine, or replaced with any new diesel or alternate fuel or all-electric vehicle.
  – All vehicles replaced under the Mitigation Plan must be scrapped.
Eligible Projects

- Class 8 Local Freight and Port Drayage Trucks
  - Replaced or Repowered

- Class 4-8 School Bus, Shuttle Bus or Transit Bus
  - Replaced or Repowered

- Freight Switchers
  - Replaced or Repowered

- Ferries/Tugs
  - Repowered

- Ocean Going Vessel Shorepower

- Class 407 Local Freight Trucks
  - Replaced or Repowered

- Airport Ground Support Equipment
  - Replaced or Repowered with All-Electric

- Forklifts and Port Cargo Handling Equipment
  - Replaced or Repowered with All-Electric

- Light Duty Zero Emission Vehicle Supply Equipment

- DERA option
Funding

• Up to 15% of total state funds can be spent on light duty electric vehicle infrastructure

• For all Government owned eligible projects, VW can cover up to 100% of the funding

• For non-government owned equipment a match will be required. This match will vary from 25 to 75% based on the project.
Status of Maryland’s Plan

• MDE is working with other state agencies to identify potential projects eligible for funding.

• MDE will also work with other eligible entities (local governments, private business, communities etc…) to develop potential projects.

• MDE will open a comment period for anyone to submit comments on the Draft Mitigation Plan before the Plan is submitted to the Trustee.

• The Plan must be resubmitted to the Trustee to reflect any changes to selected projects or to the goals of the Plan.
  – Any changes to the Plan will made public and open to comments.
Volkswagen’s Electric Vehicle Investment

- As part of the settlement, Volkswagen must invest $2 Billion in Electric Vehicle Infrastructure and Brand Neutral Outreach (Appendix C).
  - Funding for installation, operation and maintenance of ZEV infrastructure
  - Educational and outreach efforts that are “brand-neutral”
  - Programs to increase public exposure to ZEVs (e.g. ZEV car sharing, ZEV ride hailing)

- $800 Million will be allocated to California with $1.2 Billion being spent in the other states over the next ten years.

- States have no authority over where and how funding is spent.
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