VW Settlement Overview

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Outline

• Volkswagen (VW) Settlement
  – Environmental Mitigation Trust
  – Zero Emission Vehicle (ZEV) Investment Commitment
  – Timelines

• Who is doing what?
  – Texas
  – Everyone else
VW’s Emissions Cheating

- 590,000 diesel vehicles in US affected
- Model year 2009-2016
- Vehicles equipped with defeat devices to cheat emissions tests
  - NOx vs. fuel economy
- NOx emissions were up to 40x higher
  - 59 premature deaths already
  - $450 million in health and social costs already
Overview of VW Settlement

1. 2.0-liter engines
   – Vehicle buyback & modification
   – Environmental mitigation trust
   – ZEV investment commitment

2. 3.0-liter engines
   – Vehicle buyback & modification
   – Environmental mitigation trust

3. Civil penalties
Partial Consent Decrees

- Vehicle Buyback Program (2.0L), $10.0
- Vehicle Buyback Program (3.0L), $1.2
- Civil Penalty, $1.45
- Environmental Mitigation Trust (2.0L), $2.7
- Environmental Mitigation Trust (3.0L), $0.225
- ZEV Investment Commitment, $2.0

$’s shown in billions
## VW Settlement & Texas

<table>
<thead>
<tr>
<th>Environmental Trust</th>
<th>ZEV Investment Commitment</th>
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<tbody>
<tr>
<td><strong>Goal</strong></td>
<td>Mitigate NOx emissions</td>
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<tr>
<td><strong>Funds</strong></td>
<td>$2.7 billion + $225 million</td>
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<td>Allocated based primarily on # of affected vehicles</td>
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<td>Texas: ~$209M</td>
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<td><strong>Beneficiary</strong></td>
<td>Texas / other states will control how funds are spent</td>
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<td><strong>Projects</strong></td>
<td>10 eligible project categories (focused on medium- and heavy-duty applications in the marine, locomotive, onroad, and port/airport sectors; includes up to 15% for light-duty ZEV infrastructure &amp; DERA option)</td>
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<td>CA Plan: above projects, plus heavy-duty infrastructure, ZEV scrap/replace, “Green City”</td>
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Timeline: Environmental Trust

- **Trust Effective Date (TED):** ?
- **TED +60 days:** Texas to submit paperwork to be designated beneficiary and identify lead agency
- **TED +120 days:** Trustee to approve/deny beneficiary status
- **TED +210 days** (no later than 90 days after being approved as beneficiary): *Beneficiary Mitigation Plan* submitted

*Beneficiary Mitigation Plan:*
- Must be made publically available
- Include description of beneficial impacts & range of emissions benefits
- Explain how beneficiary will solicit & consider public input for plan
Timeline: ZEV Investment

• $1.2 billion to be spent over 10 years (4 cycles)
• Cycle 1 (Q1/17 – Q2/19)
  – Houston selected as one of initial 11 priority areas for community-based local network
• Cycle 2 (Q3/19 – Q4/21)
• Cycle 3 (Q1/22 – Q2/24)
• Cycle 4 (Q3/24 – Q4/26)
Planning for VW projects

• **Texas** – grassroots (planning discussion by Texas Clean Air Working Group, proactive regions, some communities)

• **Other states**
  – Soliciting public input: AZ, VA, OR, NY, CT, GA
  – Formalized priority areas: OH
  – State agency designated: IA, AK, AZ, CT, DE, HI, ID, KS, NV, NM, OK, OR, TN, VA
  – Dedicated websites/information: many