

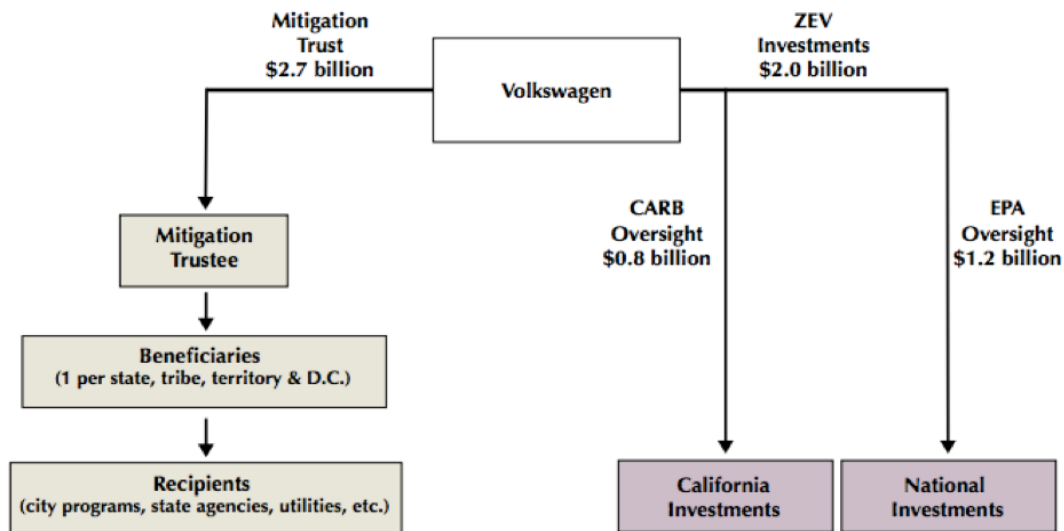


ALLIANCE FOR A SUSTAINABLE FUTURE

VW Settlement: Update on Funding Opportunities June 2017

In 2016, Volkswagen (VW) reached a settlement with the United States and the state of California for installing devices designed to bypass U.S. auto emissions tests. The dollars from both funds established by the settlement are set to begin disbursement. More than \$4.7 billion will be spent over the next 10-15 years, but plans and investments will be established well in advance of spending deadlines. Cities and businesses may benefit from proactively engaging states and the VW subsidiary Electrify America, to identify pollution reduction projects or develop complementary strategies to leverage the Mitigation Trust and ZEV investments (outlined in Figure 1). For greater background detail, see the December 2016 factsheet “*Volkswagen Settlement Funding: What Cities Should Know.*”

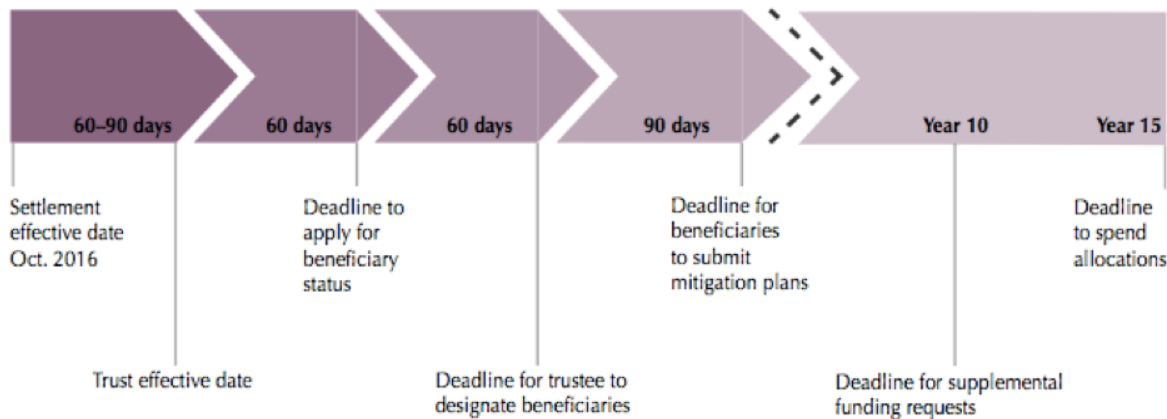
Figure 1: Volkswagen Settlement Plan for Pollution Mitigation



Mitigation Trust to reduce NOx emissions from heavy-duty vehicles

The Mitigation Trust will allocate funding to participating states to spend on reducing the NOx emissions that were created by the altered VW vehicles. The funding will be disbursed within the state by a lead agency that must be approved by the appointed trustee. The investment firm Wilmington Trust was selected as the trustee in March. Once all parties confirm Wilmington Trust, which may occur at any time, the Trust Effective Date will be established. The Trust Effective Date will set the process of distributing Mitigation Trust funds to states in motion (see Figure 2). The general timeline for applying for and receiving funds is shown below, though several deadlines are flexible and may proceed more quickly than the maximum amount of time allocated.

Figure 2: Mitigation Trust Timeline



Cities and businesses should coordinate with the lead agencies to identify and promote opportunities to replace older diesel engines and vehicles. Several states have already identified their lead agencies or principal contacts and are beginning to design plans for how the available funding will be spent (see the National Association of Clean Air Agencies’ ongoing list of State and Local Agency Information). Though funding can be spent over 15 years, as much as two-thirds can be spent within the first two years. Therefore, it is in the best interest of cities or businesses to engage with state agencies early.

ZEV Investment to expand public EV charging

The initial ZEV Investment is also moving forward. Electrify America has submitted separate investment plans that cover the first 30-month round to the U.S. Environmental Protection Agency (EPA) and the California Air Resources Board (CARB). The EPA approved the National Investment Plan, which allocates \$40 million to lower-powered community charging in 11 major cities. Community charging will be focused in New York City, Washington, DC, Chicago, Portland (OR), Boston, Seattle, Philadelphia, Denver, Houston, Miami, and Raleigh. The plan also allocates \$190 million to higher-powered fast charging along selected highways across the nation, and those estimated installations are displayed in Table 3 of the National Investment Plan (page 22).

Though Electrify America has chosen the cities and corridors for initial investment, the sites and vendors have not been selected. This step is scheduled for the second and third quarters of 2017. Stakeholders – including local governments - in the cities identified for investments in community charging or nearby corridor charging can work with Electrify America to identify optimal locations.

CARB delayed approval for the California Investment Plan out of concerns for social equity and EV charging market competitiveness, compelling California legislators to pass a bill instructing CARB to “ensure to the maximum extent allowable” that at least 35 percent of the state investment funds benefit low-income and disadvantaged communities. Once CARB approves the plan for the first round of investments, California cities and businesses should also consider opportunities to work with Electrify America to optimally site charging stations.

Key Takeaway

With action on both VW settlements’ funding programs taking shape, cities and businesses should be prepared to identify opportunities to reduce NOx emissions and promote EV adoption. Early actions may lead to lasting results.