



Federal Volkswagen Settlement

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Air Quality Program Manager



Volkswagen installed fraudulent software

Up to 40 times+
allowable emissions



Volkswagen Settlement Components

Consumer relief

\$10+ billion

- Buy back
- Repair
- Compensate

Environmental

\$2.7 billion ★

- Mitigation of nitrogen oxides.
- Number of vehicles determines \$\$.
- Consent decree specifies plan requirements.

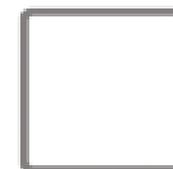
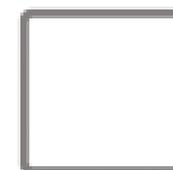
ZEV investment

\$2 billion

- Electrify America
- Initially \$300 million nationwide.
- Seattle metropolitan region selected in Phase I.



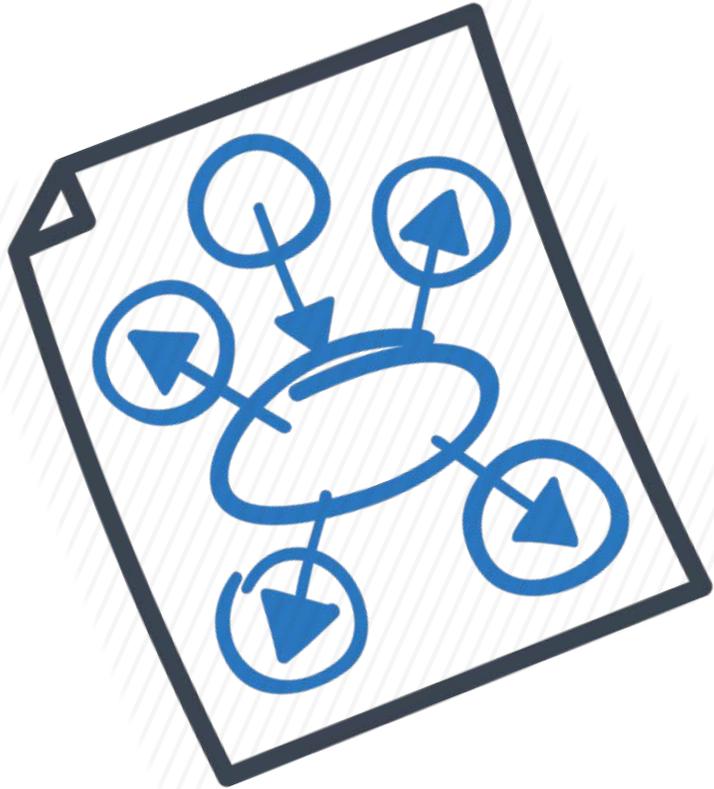
State mitigation plans



Mitigation Plan Overview

- A high level vision for use of the funds
- Non binding, can be modified and adjusted over time
- Not a project list or criteria for project selection
- Provides up to 10 years to spend funds

Plans must include



- **Goal** for use of funds.
- **Categories** of eligible mitigation projects.
- **Estimate** of emissions reduced.
- **Potential** air quality benefits in disproportionately impacted areas.
- **Public** involvement process.

Investment Categories

- Airport ground support equipment.
- Class 4–7 local trucks.
- Class 8 local freight trucks and port drayage trucks.
- Class 4–8 school/shuttle/transit buses.
- Ferries/tugboats.
- Freight switcher locomotives.
- Forklifts and cargo handling equipment at ports.
- Light duty zero emission vehicle supply equipment (limited to 15% of funds).
- Matching funds for projects eligible under the Diesel Emission Reduction Act (DERA).
- Shorepower for ocean going vessels.

Diesel repower or replacement

1

All-electric engines.

2

Alternate fueled engines (compressed natural gas, propane, or hybrid).

3

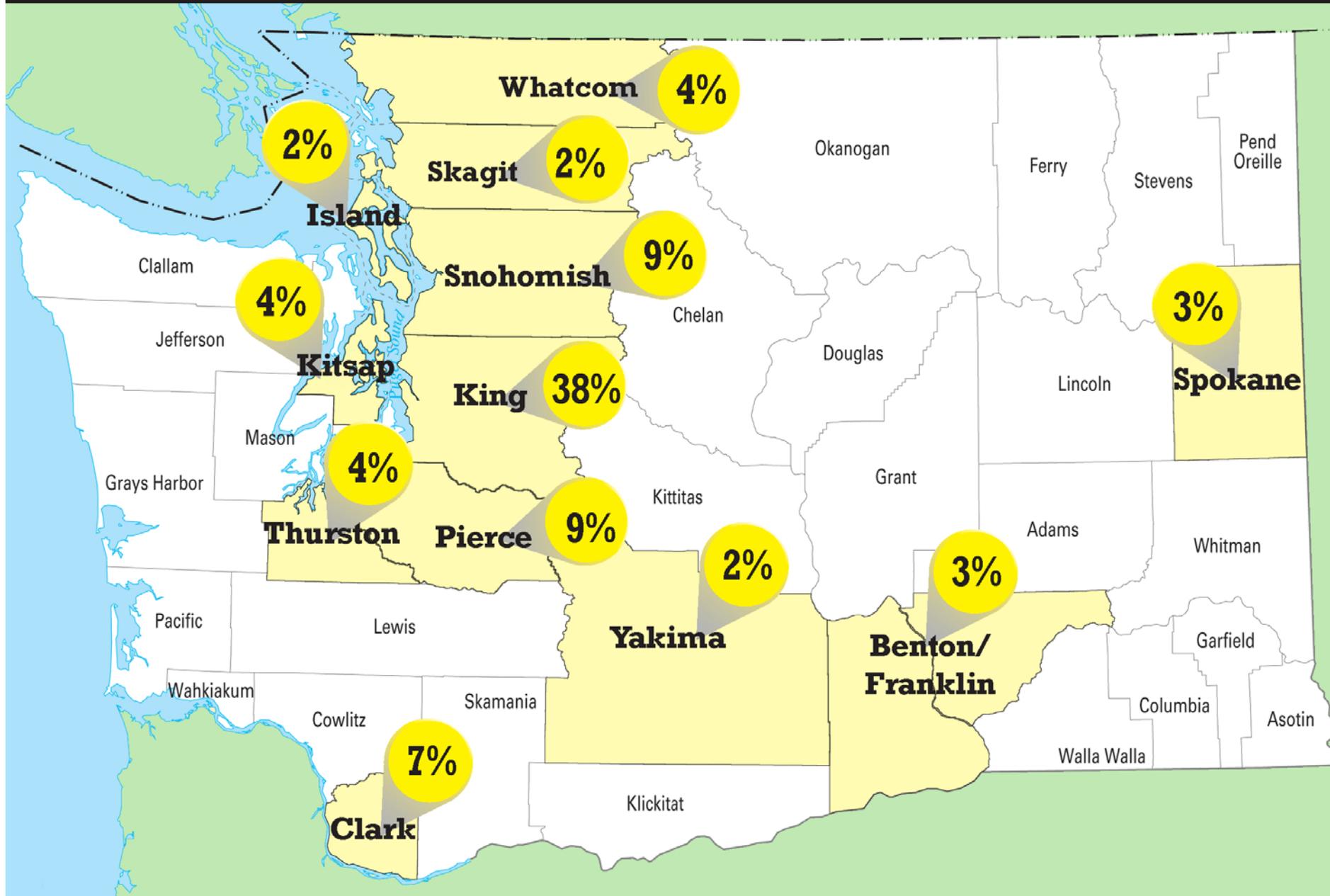
New diesel engines.



Developing Washington's Plan

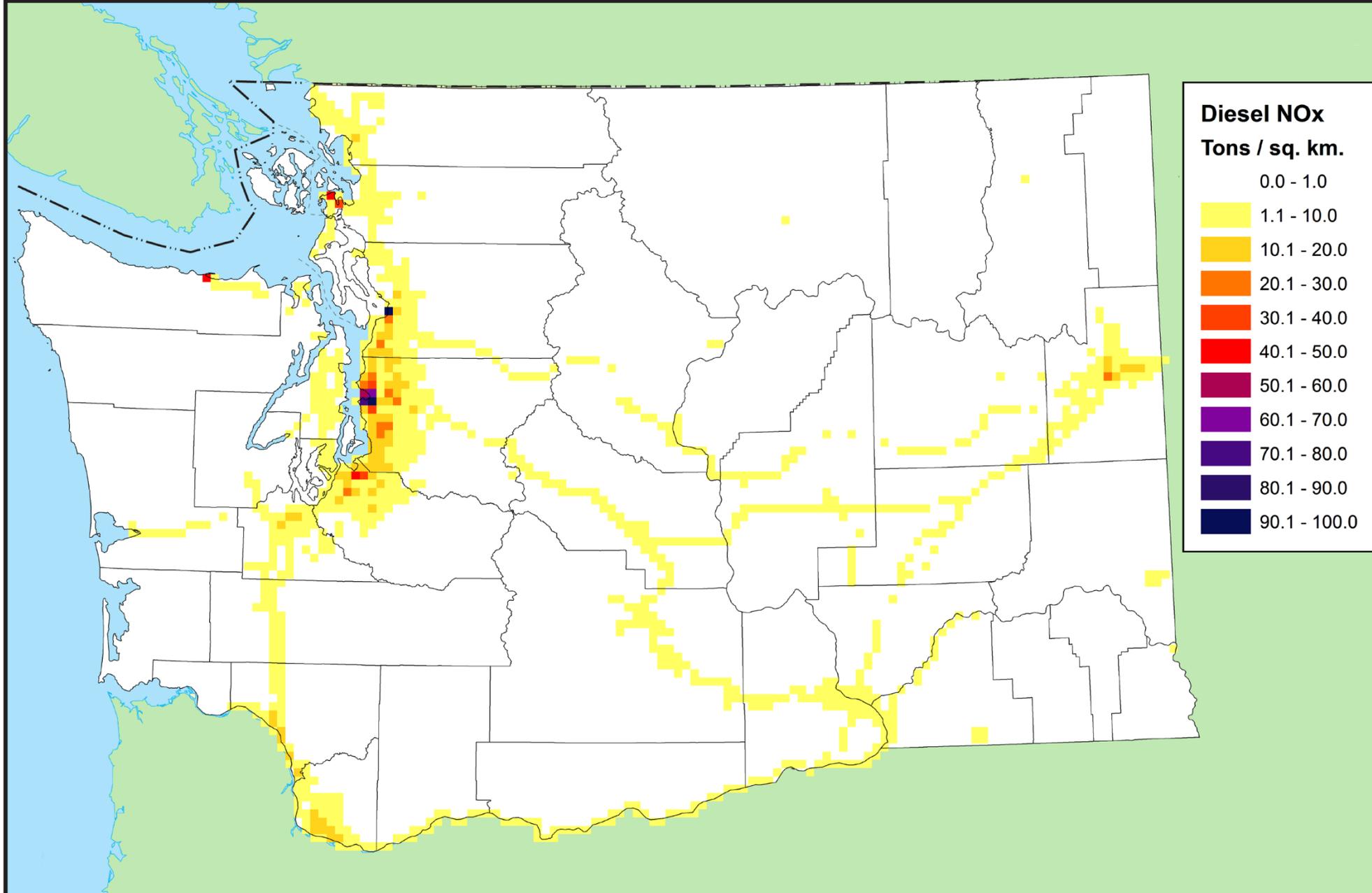


Top Washington counties with registered 2.0 and 3.0 liter diesel Volkswagen vehicles.



Other counties have less than 1.5% of the registered vehicles. Figures have been rounded.

Areas affected by nitrogen oxides emissions.



State Government Steering Committee

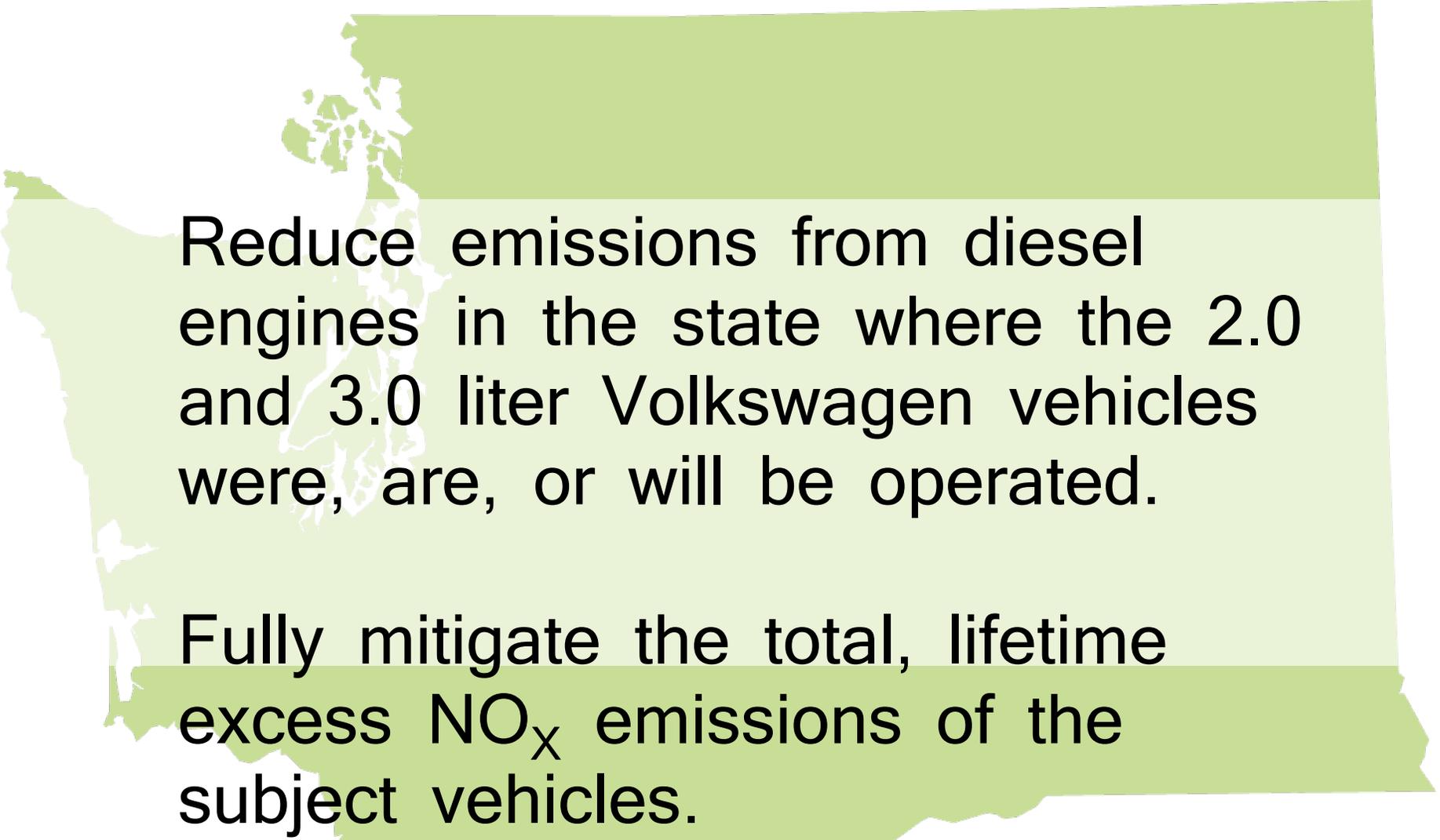
Members

- AGO
- Commerce
- DES
- Ecology
- Governor's Policy Office
- OFM
- WSDOT

Purpose

- Develop mitigation plan
- Design program to administer funds
- Project selection

Proposed Plan Goals

A map of Washington state is shown in the background, with a semi-transparent green overlay covering the right side of the state. The text is placed over this green area.

Reduce emissions from diesel engines in the state where the 2.0 and 3.0 liter Volkswagen vehicles were, are, or will be operated.

Fully mitigate the total, lifetime excess NO_x emissions of the subject vehicles.

Proposed Principles

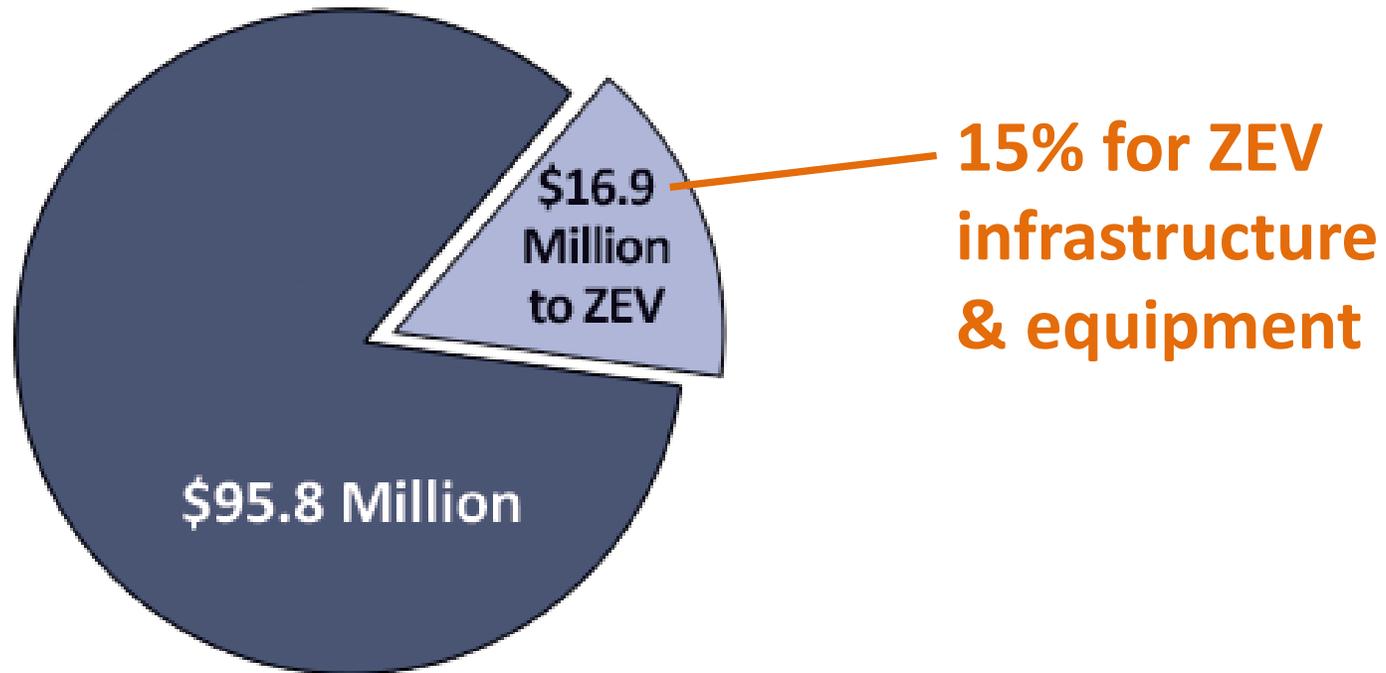
-  1 Improve air quality for communities that have historically borne a disproportionate share of the air pollution burden in Washington.
-  2 Maximize air quality co-benefits beyond nitrogen oxide reductions.
-  3 Maximize public health benefits.

Proposed Project Priorities

- Accelerate fleet turnover to cleaner engines
- Ensure cost effectiveness
- Achieve substantial additional emission reductions beyond what would already occur absent trust funding
- Leverage additional matching funds
- Accelerate adoption of electric vehicles, equipment and vessels with an emphasis on public fleets

Washington's Eligibility & Role

Total: \$112.7 Million



Trust disbursement schedule

\$112.7 million based on 24,000 vehicles

Year 1 (one-third available)	\$37.6 million
Year 2 (two-thirds available)	\$75.2 million
Year 3	\$112.7 million

Categories

On-Road Heavy Duty Vehicles

Priority: Electrification of public fleets, especially transit buses

- Class 4–8 School Bus, Shuttle Bus, or Transit Bus (Eligible Buses)
- Class 4–7 Local Freight Trucks (Medium Trucks)
- Class 8 Local Freight Trucks and Port Drayage Trucks (Eligible Large Trucks)

Non-Road Equipment

Priority: Electrification

- Airport Ground Support Equipment
- Forklifts and Port Cargo Handling Equipment

Locomotives

Priority: Publicly owned locomotives

- Freight Switchers

Marine vessels

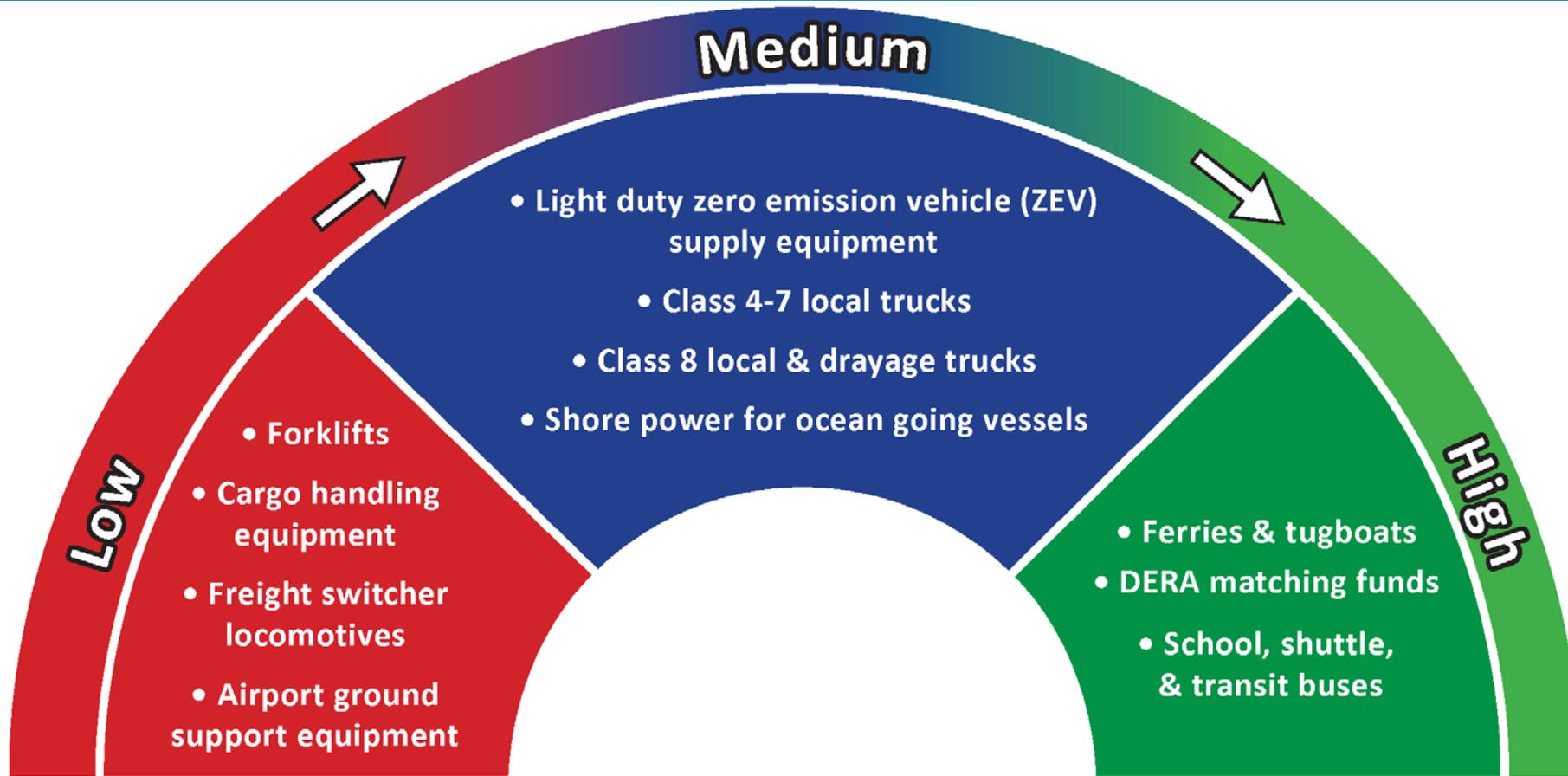
Priority: Electrification of public vessels, especially ferry vessels

- Ferries/Tugs
- Ocean Going Vessels (OGV) Shore Power

Light duty zero emission vehicle supply equipment

Diesel emission reduction act (DERA) option

Survey Summary



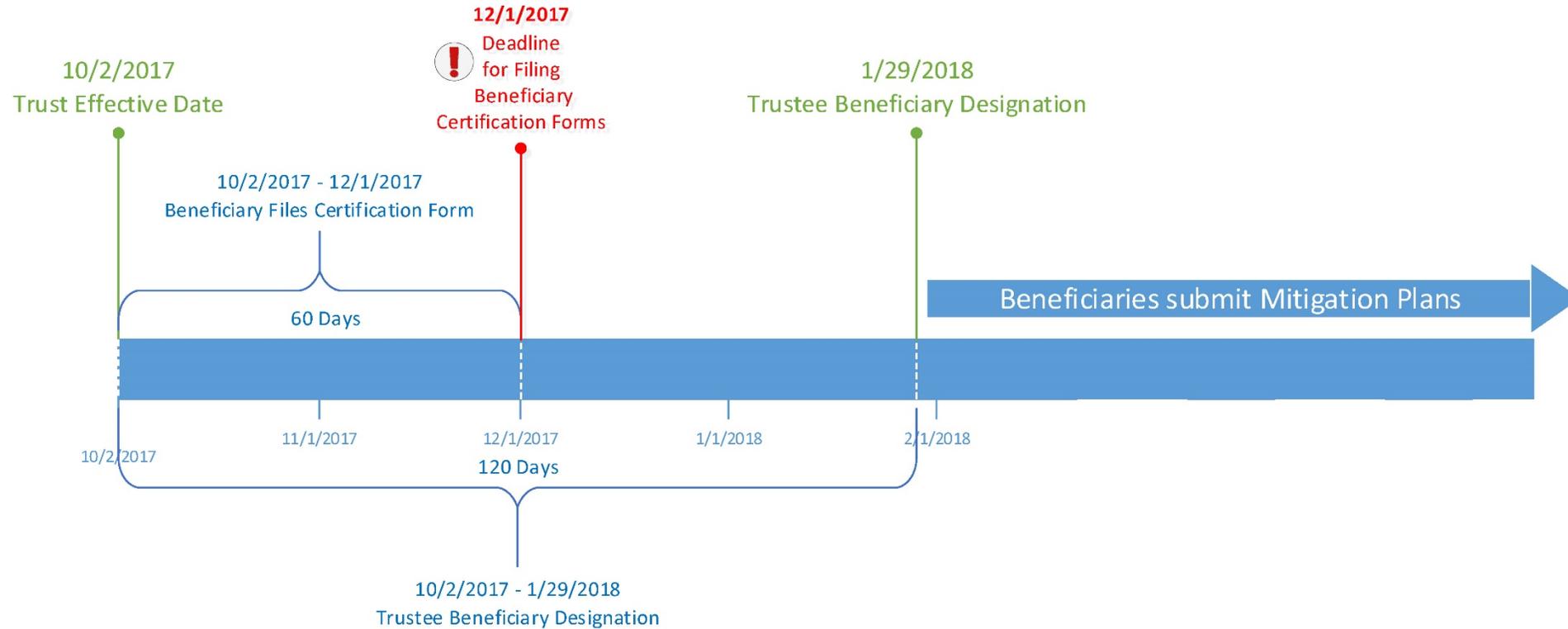
Category	Forklifts	Cargo handling equipment	Freight switcher locomotives	Airport GSE	Class 4-7 local trucks	Class 8 local & drayage trucks	Shore power for OGV	LD ZEV supply equipment	Ferries & tugboats	DERA matching funds	School, shuttle, & transit buses
Average score	Slightly low	Slightly low	Slightly low	Slightly low	Medium	Medium	Medium	Medium	Slightly high	Slightly high	Moderately high



Next Steps



Volkswagen State Environmental Trust Timeline



Notes:

1. We must be formally certified as a beneficiary by the Trustee prior to submitting our Mitigation Plan.
2. We must submit our Mitigation Plan no later than 30 days prior to requesting funds.

Next steps

Washington submits documentation to become a beneficiary.
(12/1/17)

Trustee formally deems Washington as a beneficiary.
(1/29/18)

We edit and submit our Mitigation Plan to the Trustee for approval.
(February 2018)

We begin the process to solicit project proposals.
(Spring 2018)



Opportunities ahead