

Vermont Department of Environmental Conservation

Air Quality and Climate Division

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Montpelier, VT 05620-3802

Agency of Natural Resources

January 26, 2024

VW Environmental Mitigation Trust for State Beneficiaries

Mr. Michael Bochanski

c/o Wilmington Trust, N.A. as Trustee

Rodney Square North

1100 North Market Street

Wilmington, Delaware 19890

Re: State of Vermont VW Settlement – Semiannual Report
Reporting period July 1, 2023 to December 31, 2023

Dear Mr. Bochanski,

On November 1, 2017, Vermont filed its Beneficiary Certification Form, and Wilmington Trust (the Trustee) filed a Notice of Beneficiary Designation with the U.S. District Court for the Northern District of California, designating Vermont as a Beneficiary on January 29, 2018. Vermont's first funding request was approved by the Trustee on July 15, 2019.

On July 22, 2019, Vermont received its first disbursement of Trust Assets, commencing Vermont's reporting obligations to the Trustee. As per section 5.3 *Beneficiary Reporting Obligations* of the Environmental Mitigation Trust Agreement, each Beneficiary shall submit to the Trustee a semiannual report describing the following:

1. the progress implementing each Eligible Mitigation Action during the six-month period leading up to the reporting date (including a summary of all costs expended on the Eligible Mitigation Action through the reporting date), and
2. the status (including actual or projected termination date), development, implementation, and any modification of each approved Eligible Mitigation Action.

Vermont is grouping all updates of Eligible Mitigation Actions in this single report.

This information is true and correct and this submission is made under penalty of perjury. If you have any questions or concerns, please contact me at (802) 261-0713 or email me at leigh.martin@vermont.gov.

Sincerely,



Leigh Martin, Environmental Analyst

Department of Environmental Conservation, Air Quality & Climate Division

Payee Recipient:	Vermont Department of Environmental Conservation
Eligible Mitigation Action Title:	9. Light-Duty Zero Emission Vehicle Supply Equipment
Reporting Period Covered:	7/1/2023 – 12/31/2023

Workplan Budget	Administrative	Project	Total
Total VW Funds Allocated	\$280,381.95	\$2,803,819.50	\$3,084,201.45
Running Total of VW Settlement Funds Received	\$280,381.95	\$2,803,819.50	\$3,084,201.45
Total VW Funds Obligated	\$280,381.95	\$2,564,523.00	\$2,844,904.95
Total VW Funds Expended	\$108,914.52	\$874,163.00	\$983,077.52
Total VW Funds on Hand	\$171,467.43	\$1,929,656.50	\$2,101,123.93
Total Cost Share Expended	--	\$322,817.00	\$322,817.00

Summary of Total VW Funds Expended - Administrative (Administrative costs include all personnel and fringe benefits)		
Entity	Expended During the Reporting Period	Cumulative Expenditures
Agency of Commerce & Community Development - Department of Housing & Community Development – Administrative	\$513.71	\$95,407.28
Agency of Natural Resources - Department of Environmental Conservation – Administrative	\$139.55	\$13,507.24
TOTAL	\$653.26	\$108,914.52

Summary of Total EVSE Project Expenditures During Reporting Period		
EVSE Project Description	VW Funds Expended	Cost Share Expended
N/A	\$0	\$0
TOTAL	\$0	\$0

Narrative: The Vermont Electric Vehicle Supply Equipment (EVSE) Grant Program is administered by the Vermont Department of Housing and Community Development in coordination with the Vermont Department of Environmental Conservation, the Agency of Transportation (VTrans), the Public Service Department, and the Department of Health.

In 2019, the EVSE grant program received 141 applications in two grant rounds, requesting over \$4 million in funding. Thirty projects were selected and awarded over \$1 million in funding to install 75 Level 2 and five DC fast charge units located in state designated centers, highway corridors, public park and rides, major attractions and institutions, multi-family housing and workplaces.

In 2020, a request for proposals was released for \$1.7 million in VW funding to solicit the expansion of DC fast charge stations on highway corridors helping to fill out geographic gaps in Vermont’s EVSE network. Many site host agreements have been negotiated and project work is underway with installation continuing through 2023.

A few of the projects awarded in 2019 have come in under budget, while a few have not moved forward, resulting in unexpended funds. It is anticipated that another request for applications will be held by the Vermont EVSE Grant Program in 2024 to expend the remaining funds. The projected termination date for this eligible mitigation action is August 2026.

No projects were closed out during the reporting period. Administrative expenses for the Agency of Commerce and Community Development were available only for the third quarter of CY2023; fourth quarter expenses will be reflected in future reports.

Payee Recipient:	Vermont Department of Environmental Conservation
Eligible Mitigation Action Title:	2. Class 4-8 School Bus, Shuttle Bus, or Transit Bus
Reporting Period Covered:	7/1/2023 – 12/31/2023

Workplan Budget	Administrative	Project	Total
Total VW Funds Allocated	\$347,610.25	\$3,052,935.75	\$3,400,546.00
Running Total of VW Settlement Funds Received	\$347,610.25	\$3,052,935.75	\$3,400,546.00
Total VW Funds Obligated	\$347,610.25	\$3,052,935.75	\$3,400,546.00
Total VW Funds Expended	\$352,597.99	\$3,052,935.75	\$3,405,533.74
Total VW Funds on Hand	(\$4,987.74)	\$0.00	(\$4,987.74)
Total Cost Share Expended	--	\$1,039,918.80	\$1,039,918.80

Summary of Total VW Funds Expended - Administrative (Administrative costs include all personnel and fringe benefits)		
Entity	Expended During the Reporting Period	Cumulative Expenditures
VEIC – Administrative	\$9,374.00	\$298,815.00
Agency of Natural Resources - Department of Environmental Conservation – Administrative	\$3,051.23	\$53,782.99
TOTAL	\$12,425.23	\$352,597.99

Summary of Total Bus Replacement Project Funds Expended During the Reporting Period		
Bus Replacement Project Description	VW Funds Expended	Cost Share Expended
BUUSD-STA replaced 2 diesel powered school buses w/ 2 electric school buses	\$0	\$0
CVSD replaced 2 diesel powered school buses w/ 2 electric school buses	\$0	\$0
FWSU replaced 2 diesel powered school buses w/ 2 electric school buses	\$0	\$0
MVRTD replaced 2 diesel powered transit buses w/ 2 electric transit buses	\$0	\$0
TOTAL	\$0	\$0

Narrative: VEIC, on behalf of the Vermont Department of Environmental Conservation (DEC), administered the Vermont Electric School and Transit Bus Pilot Program, in which three schools and a transit agency were selected to participate as Project Partners through a competitive two-step application process. Each Project Partner replaced two diesel buses in their regular transportation service with electric buses.

In 2020, contracts were executed with all Project Partners, requests for proposals for the competitive procurement of vehicles and equipment were developed and issued, and the replacement electric buses and equipment were selected.

At the time of this report, all electric school buses and electric transit buses have arrived and all diesel buses being replaced have been scrapped. DEC submitted an amended Appendix D-4 with a revised budget on 6/12/2023, reflecting actual project costs and anticipated administrative costs. Administrative costs for the program continued into Q4 of 2023 as the pilot program concluded. Because the actual administrative costs needed to conclude the pilot program exceeded those indicated in the June 2023 Appendix D-4 amendment, another amendment and reimbursement request will be submitted to the Trustee during Q1 of 2024. No additional project costs were incurred during the reporting period.

Payee Recipient:	Vermont Department of Environmental Conservation
Eligible Mitigation Action Title:	6. Class 4-7 Local Freight Trucks (Medium Trucks)
Reporting Period Covered:	7/1/2023 – 12/31/2023

Workplan Budget	Administrative	Project	Total
Total VW Funds Allocated	\$14,398.59	\$1,079,894.43	\$1,094,293.02
Running Total of VW Settlement Funds Received	\$14,398.59	\$1,079,894.43	\$1,094,293.02
Total VW Funds Obligated	\$14,398.59	\$853,845.43	\$868,244.02
Total VW Funds Expended	\$13,887.21	\$797,717.91	\$811,605.12
Total VW Funds on Hand	\$511.38	\$282,176.52	\$282,687.90
Total Cost Share Expended	--	\$265,905.97	\$264,905.97

Summary of Total VW Funds Expended - Administrative (Administrative costs include all personnel and fringe benefits)		
Entity	Expended during the Reporting Period	Cumulative Expenditures
Agency of Natural Resources - Department of Environmental Conservation - Administrative	\$0	\$13,887.21
TOTAL	\$0	\$13,887.21

Summary of Total Truck Replacement Project Funds Expended During the Reporting Period		
Truck Replacement Project Description	VW Funds Expended	Cost Share Expended
Green Mountain Power replaced one diesel-powered Class 4 stake truck with one electric Class 6 stake truck	\$0	\$0
Casella Waste Systems is replacing one diesel-powered Class 7 refuse truck with one electric Class 8 refuse truck	\$541,388.31	\$180,462.77
TOTAL	\$541,388.31	\$180,462.77

Narrative: In September 2020, Vermont Department of Environmental Conservation solicited applications for electric repower or replacement projects for all eligible mitigation actions under the Volkswagen Environmental Mitigation Trust. As a result of this solicitation, Vermont Department of Environmental Conservation is overseeing two small-scale vehicle fleet electrification projects involving Class 4-7 Local Freight Trucks: the replacement of a diesel-powered Class 4 stake truck with an electric Class 6 stake truck and the replacement of a diesel-powered Class 7 refuse hauler with an electric Class 8 refuse hauler. Contracts for these projects were executed in Q2 of 2021; however, due to ongoing supply chain issues, both projects have experienced significant delays.

Project partner Green Mountain Power completed its stake truck replacement project in Q4 of 2022, as detailed in the July-December 2022 Semiannual Report. Project partner, Casella Waste Systems completed their vehicle replacement during Q3 of 2023.

Payee Recipient:	Vermont Department of Environmental Conservation
Eligible Mitigation Action Title:	1. Class 8 Local Freight Trucks (Large Trucks)
Reporting Period Covered:	7/1/2023 – 12/31/2023

Workplan Budget	Administrative	Project	Total
Total VW Funds Allocated	\$28,876.82	\$2,229,308.98	\$2,258,185.80
Running Total of VW Settlement Funds Received	\$28,876.82	\$2,229,308.98	\$2,258,185.80
Total VW Funds Obligated	\$28,876.82	\$1,706,832.98	\$1,735,709.80
Total VW Funds Expended	\$11,440.89	\$1,102,312.31	\$1,113,753.20
Total VW Funds on Hand	\$17,435.93	\$1,126,996.67	\$1,144,432.60
Total Cost Share Expended	--	\$343,018.77	\$343,018.77

Summary of Total VW Funds Expended - Administrative (Administrative costs include all personnel and fringe benefits)		
Entity	Expended During the Reporting Period	Cumulative Expenditures
Agency of Natural Resources - Department of Environmental Conservation - Administrative	\$4,146.42	\$11,440.89
TOTAL	\$4,146.42	\$11,440.89

Summary of Total Truck Replacement Project Funds Expended During the Reporting Period		
Truck Replacement Project Description	VW Funds Expended	Cost Share Expended
Green Mountain Power is replacing one diesel powered Class 8 bucket truck with one electric Class 8 bucket truck	\$0	\$0
Burlington Electric Department is replacing one diesel powered Class 8 bucket truck with one electric Class 8 bucket truck	\$560,000	\$162,248
Casella Waste Systems is replacing one diesel powered Class 8 refuse truck with one electric Class 8 refuse truck	\$542,312.31	\$180,770.77
TOTAL	\$1,102,312.31	\$343,018.77

Narrative: In September 2020, Vermont Department of Environmental Conservation solicited applications for electric repower or replacement projects for all eligible mitigation actions under the Volkswagen Environmental Mitigation Trust. As a result of this solicitation, Vermont Department of Environmental Conservation is overseeing three small-scale vehicle fleet electrification projects involving Class 8 Local Freight Trucks: the replacement of two diesel-powered Class 8 bucket trucks with electric Class 8 bucket trucks and the replacement of a diesel-powered Class 8 refuse hauler with an electric Class 8 refuse hauler. Contracts for these projects were executed in Q2 of 2021; however, due to ongoing supply chain issues, all three projects have experienced significant delays. A contract for a fourth project – the replacement of a diesel-powered Class 8 bucket truck with an electric bucket truck for the Village of Johnson – was executed in Q2 of 2021 but cancelled in Q2 of 2023 due to ongoing supply chain issues.

Project partners Casella Waste Systems and Burlington Electric Department completed their vehicle replacement projects during Q3 of 2023, while project partner Green Mountain Power is expected to complete their vehicle replacement in Q2 of 2024.

Payee Recipient:	Vermont Department of Environmental Conservation
Eligible Mitigation Action Title:	2. Class 4-8 School Bus, Shuttle Bus, or Transit Bus
Reporting Period Covered:	7/1/2023 – 12/31/2023

Workplan Budget	Administrative	Project	Total
Total VW Funds Allocated	\$16,940.00	\$965,000.00	\$981,940.00
Running Total of VW Settlement Funds Received	\$16,940.00	\$965,000.00	\$981,940.00
Total VW Funds Obligated	\$16,940.00	\$965,000.00	\$981,940.00
Total VW Funds Expended	\$6,747.84	\$965,000.00	\$971,747.84
Total VW Funds on Hand	\$10,192.16	\$0	\$10,192.16
Total Cost Share Expended	--	\$260,800	\$260,800

Summary of Total VW Funds Expended - Administrative (Administrative costs include all personnel and fringe benefits)		
Entity	Expended during the Reporting Period	Cumulative Expenditures
Agency of Natural Resources - Department of Environmental Conservation - Administrative	\$1,415.35	\$6,747.84
TOTAL	\$1,415.35	\$6,747.84

Summary of Total Bus Replacement Project Funds Expended During the Reporting Period		
Bus Replacement Project Description	VW Funds Expended	Cost Share Expended
Highland Electric Transportation, Inc., HET South Burlington, LLC is replacing four diesel-powered Class 7 school buses with four electric Class 7 school buses	\$965,000	\$260,800
TOTAL	\$965,000	\$260,800

Narrative: In September 2020, Vermont Department of Environmental Conservation solicited applications for electric repower or replacement projects for all eligible mitigation actions under the Volkswagen Environmental Mitigation Trust. As a result of this solicitation, Vermont Department of Environmental Conservation is overseeing one small-scale vehicle fleet electrification project involving Class 4-8 School Buses, Shuttle Buses, or Transit Buses: the replacement of four diesel-powered Class 7 school buses with four electric Class 7 school buses. The contract for this project was executed in Q3 of 2021.

At the time of this report, all electric school buses have been delivered and all diesel buses being replaced have been scrapped. The projected completion date for the projects under this eligible mitigation action was originally June 30, 2023; however, this date was extended to November 30, 2023 to allow the project partner additional time to gather and submit deliverables required by the Vermont Department of Environmental Conservation. Highland Electric Transportation, Inc., HET South Burlington, LLC submitted all of the required deliverables and was issued reimbursement during the reporting period.

Payee Recipient:	Vermont Department of Environmental Conservation
Eligible Mitigation Action Title:	2. Class 4-8 School Bus, Shuttle Bus, or Transit Bus
Reporting Period Covered:	7/1/2023 – 12/31/2023

Workplan Budget	Administrative	Project	Total
Total VW Funds Allocated	\$111,439.00	\$2,228,798.00	\$2,340,237.00
Running Total of VW Settlement Funds Received	\$111,439.00	\$2,228,798.00	\$2,340,237.00
Total VW Funds Obligated	\$111,439.00	\$2,228,798.00	\$2,340,237.00
Total VW Funds Expended	\$2,192.66	\$0	\$2,192.66
Total VW Funds on Hand	\$109,246.34	\$2,228,798	\$2,338,044.34
Total Cost Share Expended	--	\$0	\$0

Summary of Total VW Funds Expended - Administrative (Administrative costs include all personnel and fringe benefits)		
Entity	Expended during the Reporting Period	Cumulative Expenditures
Agency of Natural Resources - Department of Environmental Conservation - Administrative	\$658.35	\$2,192.66
TOTAL	\$658.35	\$2,192.66

Summary of Total Bus Replacement Project Funds Expended During the Reporting Period		
Bus Replacement Project Description	VW Funds Expended	Cost Share Expended
Green Mountain Transit is replacing seventeen (17) Class 8 diesel-powered transit buses with seventeen (17) electric transit buses	\$0	\$0
TOTAL	\$0	\$0

Narrative: In December 2022, Vermont Department of Environmental Conservation entered into a Memorandum of Agreement with the Vermont Agency of Transportation (VTrans) to provide up to 10% of the required local cost share for up to 25 transit bus electrification projects funded by the Federal Transit Administration’s Low or No Emission Vehicle Grant Program (Low-No Program). In April 2023, VTrans submitted an application to the Low-No Program for the replacement of 17 engine model year 2009 or earlier diesel-powered transit buses with 17 electric transit buses for Green Mountain Transit, the largest regional transit authority in the state. On June 26, 2023, VTrans received notification that Low-No funding had been granted for the proposed bus replacements.

At the time of this report, the procurement process for the replacement buses had been initiated, but no project expenditures had been incurred. The termination date for the Memorandum of Agreement is June 30, 2024, but this will likely be extended as timelines for the bus replacements develop.