

VW Settlement

Beneficiary Mitigation Plan for the State of Washington

Semi-annual Report

Background:

In 2015, the U.S. Environmental Protection Agency (EPA) issued a notice of violation to the automaker Volkswagen (VW) after it was discovered that the company illegally installed software on many of its diesel vehicles. The software allowed the vehicles to pass emissions tests when, in reality, they were emitting between 10 and 40 times the permitted levels of harmful nitrogen oxides.

These actions violated the federal Clean Air Act, violations that VW resolved in a series of settlements in 2016 and 2017. The settlements require VW to fund Environmental Mitigation Trust Agreements for State and Indian Tribe Beneficiaries. On March 15, 2017, the U.S. District Court for the Northern District of California (“the Court”) appointed Wilmington Trust, N.A. as the Trustee (the “Trustee”).

On November 3, 2017, Washington’s Governor Jay Inslee identified the Washington State Department of Ecology (Ecology) as the Lead Agency for purposes of Washington’s participation in the Environmental Mitigation Trust Agreement for State Beneficiaries (the “State Trust”). On January 29, 2018 the Trustee filed notice with the Court that Washington satisfied its filing requirements, in accordance with the State Trust agreement, identifying Washington as a State Trust beneficiary.

In accordance with the Trust agreement, the Trustee allocated Washington \$112.7M in federal settlement funds. The State Trust’s purpose is to fund environmental mitigation projects that reduce emissions of nitrogen oxides (“NOx”) where the subject vehicles were, are, or will be operated. On November 6, 2019, Washington Filed its Beneficiary Mitigation Plan with the Trustee, which lays out spending priorities and high-level principles to guide the selection of eligible mitigation projects to meet the purpose of the State Trust.

Ecology submitted Washington’s first Eligible Mitigation Action (EMA) request, that the Trustee approved, on July 19, 2019. On September 17, 2019, Ecology received its first disbursement of trust assets. In accordance with the State Trust agreement, Ecology’s first semi-annual report is due no later than six months after receiving its first disbursement of Trust Assets.

Subsequent semi-annual reports are due no later than January 31 (for the preceding six-month period of July 1 to December 31) and July 31 (for the preceding six-month period of January 1 to June 30) of each year. Ecology will report on additional projects underway with budgeted VW funds in subsequent semi-annual reports.

Summary of All Costs

Reporting Period Ending: 6/30/2024	
Running Total of Settlement Funds Received	\$18,198,782.56
Total VW Funds Budgeted	\$101,500,000.00
Total VW Funds	\$112,700,000.00

Eligible Mitigation Action Beneficiary Project ID	Total Funds Budgeted	Total Funds Received	Project Funds		Administrative Funds	
			Budgeted	Received	Budgeted	Received
Scrap & replace or repower pre-2007 diesel transit buses with all-electric transit buses <i>EMA2-Transit-C1</i>	\$15,000,000.00	\$4,340,287.44	\$13,500,000.00	\$3,493,476.11	\$1,500,000.00	\$846,811.33
Repower Jumbo Mark II Diesel Ferry with Battery Electric Power (diesel-electric hybrid) <i>EMA4-Ferries-C1</i>	\$35,000,000.00	\$ 0	\$35,000,000.00	\$ 0	\$ 0	\$ 0
Purchase and Install Workplace LD ZEV SE at Government Owned Property <i>EMA9-Workplace-C1</i>	\$2,500,000.00	\$368,377.91	\$2,250,000.00	\$305,200.09	\$250,000.00	\$63,177.82
Scrap & replace pre-2007 diesel school buses with all-electric school buses <i>EMA2-School Bus-C1</i>	\$13,000,000.00	\$10,966,823.29	\$12,000,000.00	\$10,398,988.03	\$1,000,000.00	\$567,835.26
Purchase and Install Electric Vehicle Charging Infrastructure along High-Traffic Transportation Corridors in WA <i>EMA9-Corridor-C1</i>	\$4,500,000.00	\$1,960,910.26	\$4,050,000.00	\$1,747,757.05	\$450,000.00	\$213,153.21
Shore Power for Ocean Going Vessels <i>EMA5-Shore Power-C1</i>	\$4,000,000.00	\$281,191.83	\$3,600,000.00	\$85,962.07	\$400,000.00	\$195,229.76

Washington DERA 2022: Scrap and Replace 2009 and older diesel fire apparatus with electric fire apparatus <i>EMA10-FireEngine-C2</i>	\$5,000,000.00	\$ 12,928.86	\$4,500,000.00	\$ 0	\$500,000.00	\$ 12,928.86
Scrap & Replace pre-2009 publicly owned diesel class 4-7 street sweepers and purchase and install fueling infrastructure <i>EMA6-SweepersRefuse-C2</i>	\$5,500,000.00	\$ 0	\$4,847,000.00	\$ 0	\$653,000.00	\$ 0
Scrap & replace pre-2009 publicly owned diesel class 8 street sweeper locomotives with ZEV vehicles/equipment and purchase and install charging infrastructure <i>EMA1-SweepersRefuse-C2</i>	\$5,500,000.00	\$ 0	\$ 4,847,000.00	\$ 0	\$ 653,000.00	\$ 0
Scrap & replace pre-2009 publicly owned diesel freight switcher locomotives with ZEV vehicles/equipment and purchase and install charging infrastructure <i>EMA3-Switchers-C2</i>	\$4,000,000.00	\$ 0	\$3,525,000.00	\$ 0	\$475,000.00	\$ 0
Scrap & replace pre-2009 publicly owned diesel PCHE with ZEV vehicles/equipment and purchase and install charging infrastructure <i>EMA8-PCHE-C2</i>	\$3,500,000.00	\$ 0	\$3,085,000.00	\$ 0	\$415,000.00	\$ 0
Purchase and Install Level 2 charging infrastructure for Electric Vehicles around WA <i>EMA9-Level 2-C2</i>	\$4,000,000.00	\$ 0	\$3,525,000.00	\$ 0	\$475,000.00	\$ 0
Total	\$101,500,000.00	\$17,930,519.59	\$94,729,000.00	\$16,031,383.35	\$6,771,000.00	\$1,899,136.24

Project Narrative

Active Projects

EMA Project ID: EMA2-Transit-C1	
Expected Termination Date	6/30/2025
Project Status	Ecology has grant agreements in place with five transit authorities in Washington for about \$11.8 million to purchase 47 all-electric transit buses. One transit authority declined the grant agreement this reporting period due to a decline in ridership. The transit authority now needs a smaller bus which is not eligible for VW funding. Transit awardees have received 36 electric buses and placed orders for another six electric buses. Four transit authorities have completed their projects and are closed out.
Summary of Costs Expended	Ecology accrued administrative costs of approximately \$26,469 and project costs of approximately \$2.7 million during this (January - June 2024) reporting period. Ecology anticipates requesting reimbursement for costs expended in this reporting period in Fall 2024.
Summary of Expenditures in the Next Reporting Period	All expenditures will be on a reimbursement basis. Ecology anticipates accruing administrative costs of approximately \$40,083 and project costs of approximately \$1,031,250 in the next (July – December 2024) reporting period. Ecology anticipates requesting reimbursement for costs expended in the next reporting period from Wilmington Trust in April 2025.
Modifications to the Project Scope/Timeline	One grantee declined the award in this reporting period. We have worked with the grantee to close out this agreement. One grantee required an extension in the grant agreement due to unforeseen delays, they intend to close-out the grant by June 30, 2025.

EMA Project ID: EMA4-Ferries-C1	
Expected Termination Date	12/31/2024
Project Status	Ecology has one grant agreement in place for \$35 million to convert a diesel ferry to hybrid-electric. Tasks 1 and 2 of this grant agreement, Final Design of Hybrid Propulsion and Equipment and Procurement of Hybrid Equipment/Materials, are complete. Task 3, Vessel Conversion, is 50% complete. Task 3 is expected to be completed by December 2024.
Summary of Costs Expended	Ecology did not accrue any administrative costs and accrued \$4,923,444.80 in project costs for this project during this reporting period (January – June 2024). Ecology anticipates requesting reimbursement for costs expended in this reporting period in Fall 2024.
Summary of Expenditures in the Next Reporting Period	All expenditures will be on a reimbursement basis. Ecology anticipates accruing project costs of approximately \$30 million in the next (July - December 2024) reporting period. Ecology anticipates requesting reimbursement for costs expended in the next reporting period from Wilmington Trust in April 2025.

Modifications to the Project Scope/Timeline	No changes to scope or timeline in this reporting period.
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EMA Project ID: EMA9-Corridor-C1	
Expected Termination Date	6/30/2030
Project Status	Ecology has grants in place with 15 grantees for approximately \$3.3 million to purchase and install 44 DCFC stations along high-traffic transportation corridors in Washington. Nine projects are complete and will be reporting for four and a half years. Four projects are expected to be completed in the next reporting period. Ecology allowed for an extension for one agreement. This project is underway and is expected to be complete by 6/30/2025. This project will be required to report through 6/30/2030.
Summary of Costs Expended	Ecology accrued administrative costs of approximately \$9,598 and project costs of \$16,237.23 during this (January – June 2024) reporting period. Ecology anticipates requesting reimbursement for costs expended in this reporting period in Fall 2024.
Summary of Expenditures in the Next Reporting Period	All expenditures will be on a reimbursement basis. Ecology anticipates accruing administrative costs of approximately \$14,534 and project costs up to \$1,058,199.11 in the next (July- December 2024) reporting period. Ecology anticipates requesting reimbursement for costs expended in the next reporting period from Wilmington Trust in April 2025.
Modifications to the Project Scope/Timeline	One agreement was extended to accommodate project delays. This project is expected to be complete by June 30, 2025 and will then begin the required five-year reporting period.

EMA Project ID: EMA5-Shore Power-C1	
Expected Termination Date	12/31/2024, 6/30/2027
Project Status	Ecology has two grants in place for \$3.6 million to install shore power for ocean going vessels in Seattle, WA at the Port of Seattle and at Pier 66. The Port of Seattle project is on track to be completed by December 31, 2024. The Northwest Seaport Alliance has requested an extension to the project expiration date to allow for project delays. Ecology will be working with the Northwest Seaport Alliance in the next period to update the project timeline.
Summary of Costs Expended	Ecology accrued administrative costs of approximately \$8,298 and project costs of \$69,610.23 during this (January - June 2024) reporting period. Ecology anticipates requesting reimbursement for costs expended in this reporting period in Fall 2024.

Summary of Expenditures in the Next Reporting Period	All expenditures will be on a reimbursement basis. Ecology anticipates accruing administrative costs of approximately \$12,566 and no project costs in the next (July – December 2024) reporting period. Ecology anticipates requesting reimbursement for costs expended in the next reporting period from Wilmington Trust in April 2025.
Modifications to the Project Scope/Timeline	Ecology will be working with Northwest Seaport Alliance to amend this agreement to allow for an extension in the next reporting period (January – June 2024). The scope of the projects is unchanged.

EMA Project ID: EMA10-FireEngine-C2	
Expected Termination Date	9/30/2028
Project Status	Ecology has two grant agreements in place with fire departments in Washington utilizing approximately \$683,000 in VW federal settlements funds to purchase two electric fire trucks. This grant program is a partnership between Ecology’s VW Federal Settlement Program and Ecology’s Diesel Emissions Reduction Act (DERA) Program. Both fire departments have ordered their electric fire engines and are expecting delivery in 2025 and 2026.
Summary of Costs Expended	Ecology accrued administrative costs of approximately \$4,362 and no project costs during this (January- June 2024) reporting period. Ecology anticipates requesting reimbursement for costs expended in this reporting period in Fall 2024.
Summary of Expenditures in the Next Reporting Period	All expenditures will be on a reimbursement basis. Ecology anticipates accruing administrative costs of approximately \$6,605 and no project costs in the next (July – December 2024) reporting period. Ecology anticipates requesting reimbursement for costs expended in the next reporting period from Wilmington Trust in April 2025.
Modifications to the Project Scope/Timeline	No changes to scope or timeline in this reporting period.

EMA Project ID: EMA6-SweepersRefuse-C2	
Expected Termination Date	6/30/2026
Project Status	Ecology has one agreement in place for about \$1.5 million to scrap two Class 4-7 diesel refuse vehicles and street sweepers and replace them with zero emission vehicles. Awards include funds to purchase and install charging infrastructure to support the new zero emission vehicles. Ecology anticipates orders being placed in the next reporting period (July– December 2024).

Summary of Costs Expended	Ecology accrued administrative costs of approximately \$26,462 and no project costs during this (January – June 2024) Reporting period. Ecology anticipates requesting reimbursement for costs expended in this reporting period in Fall 2024.
Summary of Expenditures in the Next Reporting Period	All expenditures will be on a reimbursement basis. Ecology anticipates accruing administrative costs of approximately \$40,072 and no project costs in the next (July – December 2024) reporting period. Ecology anticipates requesting reimbursement for costs expended in the next reporting period from Wilmington Trust in April 2025.
Modifications to the Project Scope/Timeline	No changes to scope or timeline in this reporting period.

EMA Project ID: EMA1-SweepersRefuse-C2	
Expected Termination Date	6/30/2026
Project Status	Ecology has two grant agreements in place for approximately \$1.17 million to scrap class 8 diesel refuse vehicles and street sweepers and replace them with zero emission vehicles. Awards include funds to purchase and install charging equipment for the new zero emission vehicles. Ecology anticipates orders being placed in the next reporting period (July - December 2024).
Summary of Costs Expended	Ecology accrued administrative costs of approximately \$26,462 and no project costs during this (January – June 2024) Reporting period. Ecology anticipates requesting reimbursement for costs expended in this reporting period in Fall 2024.
Summary of Expenditures in the Next Reporting Period	All expenditures will be on a reimbursement basis. Ecology anticipates accruing administrative costs of approximately \$40,072 and no project costs in the next (July – December 2024) reporting period. Ecology anticipates requesting reimbursement for costs expended in the next reporting period from Wilmington Trust in April 2025.
Modifications to the Project Scope/Timeline	No changes to scope or timeline in this reporting period.

EMA Project ID: EMA3-Switchers-C2	
Expected Termination Date	6/30/2026
Project Status	Ecology has one grant agreement in place for \$3.3 million to scrap a tier 3 diesel switcher locomotive and replace it with a battery-electric switcher locomotive. Ecology anticipates the procurement process finishing and an order being placed in the next reporting period (July – December 2024).

Summary of Costs Expended	Ecology accrued administrative costs of approximately \$19,249 and no project costs during this (January – June 2024) Reporting period. Ecology anticipates requesting reimbursement for costs expended in this reporting period in Fall 2024.
Summary of Expenditures in the Next Reporting Period	All expenditures will be on a reimbursement basis. Ecology anticipates accruing administrative costs of approximately \$29,149 and no project costs in the next (July – December 2024) reporting period. Ecology anticipates requesting reimbursement for costs expended in the next reporting period from Wilmington Trust in April 2025.
Modifications to the Project Scope/Timeline	No changes to scope or timeline in this reporting period.

EMA Project ID: EMA8-PCHE-C2	
Expected Termination Date	6/30/2026
Project Status	Ecology has three grant agreements in place for approximately \$1.36 million to scrap and replace a total of three diesel forklifts and one diesel yard truck with electric forklifts and yard trucks. Awards include funds to purchase and install charging infrastructure to support the new equipment. Ecology anticipates projects will be under way in the next reporting period (July – December 2024).
Summary of Costs Expended	Ecology accrued administrative costs of approximately \$16,817 and no project costs during this (January – June 2024) Reporting period. Ecology anticipates requesting reimbursement for costs expended in this reporting period in Fall 2024.
Summary of Expenditures in the Next Reporting Period	All expenditures will be on a reimbursement basis. Ecology anticipates accruing administrative costs of approximately \$25,467 and no project costs in the next (July – December 2024) reporting period. Ecology anticipates requesting reimbursement for costs expended in the next reporting period from Wilmington Trust in April 2025.
Modifications to the Project Scope/Timeline	No changes to scope or timeline in this reporting period.

EMA Project ID: EMA9-Level 2-C2	
Expected Termination Date	6/30/2026
Project Status	Ecology has grant agreements in place with 15 organizations to purchase and install Level 2 electric vehicle charging infrastructure. Work has begun by the grantees and is expected to be completed by June 30, 2025. Ecology anticipates opening the second round of the grant program to new applicants in the next (July-December 2024) reporting period,

Summary of Costs Expended	Ecology accrued administrative costs of approximately \$19,249 and no project costs during this (January – June 2024) Reporting period. Ecology anticipates requesting reimbursement for costs expended in this reporting period in Fall 2024.
Summary of Expenditures in the Next Reporting Period	All expenditures will be on a reimbursement basis. Ecology anticipates accruing administrative costs of approximately \$29,149 and \$100,000 in project costs in the next (July – December 2024) reporting period. Ecology anticipates requesting reimbursement for costs expended in the next reporting period from Wilmington Trust in April 2025.
Modifications to the Project Scope/Timeline	No changes to scope or timeline in this reporting period.

Completed Projects

EMA Project ID: EMA9-Workplace-C1	
Termination Date	6/30/2023
Project Status	As of last reporting period (January – June 2023) Ecology has closed out all eight agreements for about \$400,000. 68 level 2 plugs and one DC fast charging plug are activated and available for use.
Summary of Costs Expended	Ecology accrued no administrative costs and no project costs this reporting period (July – December 2023).
Summary of Expenditures in the Next Reporting Period	This grant program is now complete, so Ecology will not accrue project or administrative costs during the next (January – July 2024) reporting period.
Modifications to the Project Scope/Timeline	No changes to scope or timeline in this reporting period. Ecology will closeout this project with the Trustee in the next reporting period.

EMA Project ID: EMA2-School Bus-C1	
Expected Termination Date	6/30/2024
Project Status	Ecology has grant agreements in place with 21 school districts for a total of approximately \$11 million to scrap and replace 37 diesel school buses with all-electric school buses. School districts have received delivery of all electric buses. All grants have now been closed out.
Summary of Costs Expended	Ecology accrued administrative costs of approximately \$17,513 and \$300,000.00 in project costs during this (January – June 2024) reporting period. Ecology anticipates requesting reimbursement for costs expended in this reporting period in January 2025.
Summary of Expenditures in the Next Reporting Period	This grant program is now complete, so Ecology will not accrue project or administrative costs during the next (January – July 2024) reporting period.

Modifications to the Project Scope/Timeline	No changes to scope or timeline in this reporting period. Ecology will closeout this project with the Trustee in the next reporting period.
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This report must be signed by one of Washington’s “Authorized Senior Officials”, either Director Watson or Deputy Director Bartlett.

The information in this report is true and correct. Submission is made under penalty of perjury.	_____	_____
	Laura Watson, Director	Date
	Washington State Department of Ecology	
	-or-	
	_____	7/26/2024
	Heather R. Bartlett, Deputy Director	Date
	Washington State Department of Ecology	