

# 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: 12/31/2024	
Running Total of Settlement Funds Received	\$23,326,121.97
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	\$8,806,544.18	\$13,500,000.00	\$7,930,875.00	\$1,500,000.00	\$875,669.18
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	\$398,995.67	\$2,250,000.00	\$335,817.85	\$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	\$11,305,606.76	\$12,000,000.00	\$10,718,678.48	\$1,000,000.00	\$586,928.28
Purchase and Install Electric Vehicle Charging Infrastructure along High-Traffic Transportation Corridors in WA <i>EMA9-Corridor-C1</i>	\$4,500,000.00	\$2,298,270.74	\$4,050,000.00	\$2,074,653.65	\$450,000.00	\$223,617.09
Shore Power for Ocean Going Vessels <i>EMA5-Shore Power-C1</i>	\$4,000,000.00	\$402,001.35	\$3,600,000.00	\$197,724.85	\$400,000.00	\$204,276.50

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	\$17,684.09	\$4,500,000.00	\$ 0	\$500,000.00	\$17,684.09
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	\$28,849.51	\$4,847,000.00	\$ 0	\$653,000.00	\$28,849.51
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	\$28,849.51	\$ 4,847,000.00	\$ 0	\$ 653,000.00	\$28,849.51
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	\$20,985.48	\$3,525,000.00	\$ 0	\$475,000.00	\$20,985.48
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	\$18,334.68	\$3,085,000.00	\$ 0	\$415,000.00	\$18,334.68
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	\$23,326,121.97	\$94,729,000.00	\$21,257,749.83	\$6,771,000.00	\$2,068,372.14

## Project Narrative

### Active Projects

<b>EMA Project ID: EMA2-Transit-C1</b>	
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. . Transit awardees have received 37 electric buses and placed orders for another five electric buses. Four transit authorities have completed their projects and are closed out.
Summary of Costs Expended	Ecology accrued administrative costs of approximately \$35 thousand and project costs of approximately \$172 thousand during this (July - December 2024) reporting period. Please note the reimbursement request for January through June 2024 is pending. Ecology plans to submit for reimbursement for the period July through December 2024 in the first or second quarter of 2025.
Summary of Expenditures in the Next Reporting Period	All expenditures will be on a reimbursement basis. Ecology anticipates accruing administrative costs of approximately \$49 thousand and project costs of approximately \$1 million in the next (January – June 2025) reporting period. Ecology anticipates requesting reimbursement for these costs in the third quarter of 2025.
Modifications to the Project Scope/Timeline	No changes to scope or timeline in this reporting period.

<b>EMA Project ID: EMA4-Ferries-C1</b>	
Expected Termination Date	12/31/2025
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 73% complete. Task 3 is expected to be completed by December 2025. Ecology is working with recipient to extend the agreement by one year to accommodate project delays.
Summary of Costs Expended	Ecology did not accrue any administrative costs and accrued \$2.9 million in project costs during this reporting period (July – December 2024). Please note the reimbursement request for January through June 2024 is pending. Ecology plans to submit for reimbursement for the period July through December 2024 in the first or second quarter of 2025.
Summary of Expenditures in the Next Reporting Period	All expenditures will be on a reimbursement basis. Ecology anticipates accruing project costs of approximately \$15 million in the next (January - June 2025) reporting period. Ecology anticipates requesting reimbursement for these costs in the third quarter of 2025.

Modifications to the Project Scope/Timeline	An extension in the grant agreement of one year is required due to technical issues found during vessel conversion, requiring some system redesign. The grantee intends to close out by December 30, 2025.
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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. Twelve projects are complete and in their five-year reporting period. Two projects are expected to be complete by 6/30/25 and one recipient declined the award this reporting period and Ecology is working to terminate the agreement.
Summary of Costs Expended	Ecology accrued administrative costs of approximately \$13 thousand and project costs of approximately \$325 thousand during this (July - December 2024) reporting period. Please note the reimbursement request for January through June 2024 is pending. Ecology plans to submit for reimbursement for the period July through December 2024 in the first or second quarter of 2025.
Summary of Expenditures in the Next Reporting Period	All expenditures will be on a reimbursement basis. Ecology anticipates accruing administrative costs of approximately \$18 thousand and project costs up to \$450 thousand in the next (January - June 2025) reporting period. Ecology anticipates requesting reimbursement for these costs in the third quarter of 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. One recipient declined the award this reporting period due to increased costs and local permitting requirements. They returned all previous project cost reimbursements to Ecology this reporting period and we are working to terminate the agreement.

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 Terminal 18 and at Pier 66. The Pier 66 project was completed by the expiration date of December 31, 2024 and Ecology is working to close out the agreement. The Terminal 18 project is on track with the project timeline updated in a previous reporting period.
Summary of Costs Expended	Ecology accrued administrative costs of approximately \$11 thousand and project costs of \$1.6 million during this (July - December 2024) reporting period. Please note the reimbursement request for January through June 2024 is pending. Ecology plans to submit for reimbursement for the period July through December 2024 in the first or second quarter of 2025.

Summary of Expenditures in the Next Reporting Period	All expenditures will be on a reimbursement basis. Ecology anticipates accruing administrative costs of approximately \$15 thousand and project costs of approximately \$300-400 thousand in the next (January – June 2025) reporting period. Ecology anticipates requesting reimbursement for these costs in the third quarter of 2025.
Modifications to the Project Scope/Timeline	No changes to scope or timeline in this reporting period.

<b>EMA Project ID: EMA10-FireEngine-C2</b>	
Expected Termination Date	9/30/2028
Project Status	Ecology has two grant agreements in place with fire departments in Washington utilizing approximately \$683 thousand in VW federal settlement 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 \$5 thousand and no project costs during this (July - December 2024) reporting period. Please note the reimbursement request for January through June 2024 is pending. Ecology plans to submit for reimbursement for the period July through December 2024 in the first or second quarter of 2025 and for the period January through June 2025 by the third quarter of 2025.
Summary of Expenditures in the Next Reporting Period	All expenditures will be on a reimbursement basis. Ecology anticipates accruing administrative costs of approximately \$7 thousand and project costs of approximately \$400 thousand in the next (January – June 2025) reporting period. Ecology anticipates requesting reimbursement for these costs in the third quarter of 2025.
Modifications to the Project Scope/Timeline	No changes to scope or timeline in this reporting period.

<b>EMA Project ID: EMA6-SweepersRefuse-C2</b>	
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. Grants include funds to purchase and install charging infrastructure to support the new zero emission vehicles. Ecology anticipates orders being placed on vehicles and chargers in the next reporting period (January – June 2025).

Summary of Costs Expended	Ecology accrued administrative costs of approximately \$35 thousand and no project costs during this (July - December 2024) reporting period. Please note the reimbursement request for January through June 2024 is pending. Ecology plans to submit for reimbursement for the period July through December 2024 in the first or second quarter of 2025.
Summary of Expenditures in the Next Reporting Period	All expenditures will be on a reimbursement basis. Ecology anticipates accruing administrative costs of approximately \$49 thousand and no project costs in the next (January – June 2025) reporting period. Ecology anticipates requesting reimbursement for these costs in the third quarter of 2025.
Modifications to the Project Scope/Timeline	No changes to scope or timeline in this reporting period.

<b>EMA Project ID: EMA1-SweepersRefuse-C2</b>	
Expected Termination Date	6/30/2026
Project Status	Ecology has two grant agreements in place for approximately \$1.17 million to scrap one class 8 diesel refuse vehicle and one class 8 street sweepers and replace them with zero emission vehicles. Awards include funds to purchase and install charging equipment for the new zero emission vehicles. One grantee has ordered their electric street sweeper and expects delivery in February 2025. Ecology anticipates the refuse vehicle order and charger being placed in the next reporting period (January - June 2025).
Summary of Costs Expended	Ecology accrued administrative costs of approximately \$35 thousand and no project costs during this (July - December 2024) Reporting period. Please note the reimbursement request for January through June 2024 is pending. Ecology plans to submit for reimbursement for the period July through December 2024 in the first or second quarter of 2025.
Summary of Expenditures in the Next Reporting Period	All expenditures will be on a reimbursement basis. Ecology anticipates accruing administrative costs of approximately \$49 thousand and no project costs in the next (January – June 2025) reporting period. Ecology anticipates requesting reimbursement for these costs in the third quarter of 2025.
Modifications to the Project Scope/Timeline	No changes to scope or timeline in this reporting period.

<b>EMA Project ID: EMA3-Switchers-C2</b>	
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 in the next reporting period (January – June 2025).
Summary of Costs Expended	Ecology accrued administrative costs of approximately \$25 thousand and no project costs during this (July - December 2024) Reporting period. Please note the reimbursement request for January through June 2024 is pending. Ecology plans to submit for reimbursement for the period July through December 2024 in the first or second quarter of 2025.
Summary of Expenditures in the Next Reporting Period	All expenditures will be on a reimbursement basis. Ecology anticipates accruing administrative costs of approximately \$36 thousand and no project costs in the next (January – June 2025) reporting period. Ecology anticipates requesting reimbursement for these costs in the third quarter of 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. One grantee has had their yard truck and charger delivered and is currently operational. Ecology anticipates orders placed for the remaining two electric forklifts in the next reporting period (January – June 2025).
Summary of Costs Expended	Ecology accrued administrative costs of approximately \$22 thousand and no project costs during this (July - December 2024) Reporting period. Please note the reimbursement request for January through June 2024 is pending. Ecology plans to submit for reimbursement for the period July through December 2024 in the first or second quarter of 2025.
Summary of Expenditures in the Next Reporting Period	All expenditures will be on a reimbursement basis. Ecology anticipates accruing administrative costs of approximately \$31 thousand and no project costs in the next (January – June 2025) reporting period. Ecology anticipates requesting reimbursement for these costs in the third quarter of 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 14 organizations to purchase and install Level 2 electric vehicle charging infrastructure from round 1 of this grant program. Work has begun by the grantees and is expected to be completed by June 30, 2025. One grantee has declined the grant due to funding issues. Ecology opened the second round of the grant program to new applicants this reporting period and is currently in the process of getting grant agreements in place. It is anticipated that all agreements for the second round will be executed in the next (January-June 2025) reporting period.
Summary of Costs Expended	Ecology accrued administrative costs of approximately \$27 thousand and no project costs during this (July - December 2024) Reporting period. Please note the reimbursement request for January through June 2024 is pending. Ecology plans to submit for reimbursement for the period July through December 2024 in the first or second quarter of 2025.
Summary of Expenditures in the Next Reporting Period	All expenditures will be on a reimbursement basis. Ecology anticipates accruing administrative costs of approximately \$37 thousand and \$100 thousand in project costs in the next (January – June 2025) reporting period. Ecology anticipates requesting reimbursement for these costs in the third quarter of 2025.
Modifications to the Project Scope/Timeline	No changes to scope or timeline in this reporting period.

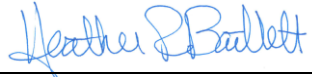
#### Completed Projects

<b>EMA Project ID: EMA9-Workplace-C1</b>	
Termination Date	6/30/2023
Project Status	As of the January – June 2023 reporting period Ecology has closed out all eight agreements for about \$400 thousand. 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 2024).
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 – June 2025) 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.

<b>EMA Project ID: EMA2-School Bus-C1</b>	
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 \$23 thousand and no project costs during this (July - December 2024) reporting period. Please note the reimbursement request for January through June 2024 is pending. Ecology plans to submit for reimbursement for the period July through December 2024 in the first or second quarter of 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 – June 2025) 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.

This report must be signed by one of Washington’s “Authorized Senior Officials”, Deputy Director Bartlett.

The information in this report is true and correct. Submission is made under penalty of perjury.		1/24/2025
	_____ Heather R. Bartlett, Deputy Director Washington State Department of Ecology	_____ Date