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TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

January 26, 2026

Volkswagen Diesel Emissions Environmental Mitigation Trust
for State Beneficiaries, Puerto Rico, and the District of Columbia
c/o Wilmington Trust, N.A. as Trustee
Rodney Square North
1100 North Market Street
Wilmington, DE 19890

Attn: Capital Markets & Agency Services

Re: State Beneficiary Semi-Annual Report

Dear Wilmington Trust, N.A.:

The Texas Commission on Environmental Quality (TCEQ), Lead Agency for administering the funds allocated to Texas under the Volkswagen State Environmental Trust (Trust), provides this semi-annual report to Wilmington Trust, N.A. (Trustee) in accordance with Section 5.3 of the Environmental Mitigation Trust Agreement for State Beneficiaries.

TCEQ's tenth semi-annual report includes steps taken to implement all Texas Volkswagen Environmental Mitigation Program (TxVEMP) Eligible Mitigation Actions for the period beginning July 1, 2025, and ending December 31, 2025.

I. Status of Approved Mitigation Eligible Mitigation Actions

The status of each approved Eligible Mitigation Action (by funding period) is provided below. A summary of projects awarded under the Eligible Mitigation Actions is provided as **Attachment A**.

School Buses, Shuttle Buses, & Transit Buses

Funding Period: May 8, 2019 – May 8, 2020

There are currently 77 active projects under this mitigation action totaling \$54,003,925.98. Active projects include the replacement of 683 school buses representing over 414 tons of mitigated nitrogen oxides (NO_x) emissions.

TCEQ has verified the proper destruction of all activities and disbursed all grant funds under this funding period.

Class 7 - 8 Refuse Vehicles

Funding Period: October 8, 2019 – January 27, 2021

There are currently 60 active projects under this combined mitigation action totaling \$9,598,985.65. Active projects include the replacement of 138 refuse vehicles representing over 181 tons of mitigated NO_x emissions.

During this reporting period, there were no disposition verifications or reimbursements issued for refuse vehicles.

Class 4 - 7 Local Freight Trucks & Class 8 Local Freight Trucks & Port Drayage Trucks

Funding Period: February 6, 2020 - January 27, 2021

There are currently 72 active projects under this combined mitigation action totaling \$12,790,773.37. Active projects include the replacement of 340 local freight vehicles representing over 739 tons of mitigated NO_x emissions.

During this reporting period, TCEQ verified the proper destruction of one local freight vehicle and processed one reimbursement request totaling \$39,216 for the purchase of a newer model. The reimbursement was disbursed by Wilmington Trust, N.A. via check, as directed by TCEQ.

Light-Duty Zero Emission Vehicle (ZEV) Supply Equipment

Level 2 ZEV Supply Equipment

Funding Period: September 10, 2020 - September 9, 2021

There are currently 90 active projects under this mitigation action totaling \$588,768.92 for the purchase and installation of 237 Level 2 electric vehicle charging units statewide.

During this reporting period, there were no reimbursements issued for Level 2 charging units.

Direct Current Fast Charging (DCFC) & Hydrogen Fueling Equipment

Funding Period: October 6, 2021 - November 3, 2021

There are currently 41 active projects under this mitigation action totaling \$20,927,542.59 for the purchase and installation of 166 DCFC units statewide.

During this reporting period, TCEQ processed one reimbursement request totaling \$600,000 for a DCFC unit.

All-Electric Vehicles and Equipment

Funding Period: June 29, 2023 - Ongoing

TCEQ continues to accept grant applications and award projects under a combined mitigation action for the upgrade or replacement of eligible diesel vehicles and equipment with new, all-electric models with over \$108 million in total available funding.

There are currently 75 active projects under this combined mitigation action totaling \$77,079,913.19. Active projects include the replacement of 426 vehicles and pieces of equipment representing over 499 tons of mitigated NO_x emissions.

During this reporting period, TCEQ awarded 4 contracts totaling \$2,755,467 for the replacement of 2 vehicles, with new, all-electric models, 13 pieces of equipment, and 1 refueling infrastructure. TCEQ also verified the proper destruction of one piece of equipment and processed one reimbursement request totaling \$254,998 for the purchase of a new, all-electric model, and provided one advance payment of \$1,282,070 to a school district to purchase three all-electric school buses. The reimbursement and advanced payment were disbursed by Wilmington Trust, N.A. via check, as directed by TCEQ.

Ocean-Going Vessels Shore Power

There is currently one active project under this mitigation action totaling \$1,924,776.14 with the Port of Galveston to install shore power infrastructure at two cruise terminals, allowing ships to use electricity from the grid instead of auxiliary engines while docked. Once installed, it is projected that the shore power infrastructure will service over 200 ship berths annually and reduce emissions by 98%.

Ferries, Tugboats, and Freight Switchers

Initial Funding Period: July 25, 2024 - October 29, 2024

Second Funding Period: December 2, 2024 - February 14, 2025

TCEQ accepted applications under a combined mitigation action for the replacement or repower of freight switchers and repower of ferries and tugs with over \$13 million in total available funding. TCEQ did not receive any applications under the first round of funding, so a second round of funding was opened in December 2024. During this reporting period, TCEQ awarded one contract totaling \$2,355,000 for the replacement of one freight switcher with an all-electric model.

II. Summary of Expenditures for Approved Eligible Mitigation Actions

A summary of project and administrative expenditures for each Eligible Mitigation Action is provided as **Attachment B**.

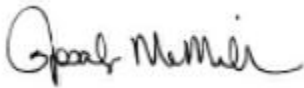
III. Additional Program Information

TCEQ would invite you to visit www.txvwfund.org for additional information on the implementation and status of the Mitigation Action Categories.

IV. Attestation

I, Josalyn McMillon, being duly authorized, qualified, and Deputy Director of Air Grants Division at TCEQ for the State Beneficiary of Texas, do hereby certify that the information provided in this letter is true and correct and acknowledge that this submission is made under penalty of perjury.

Sincerely,



Josalyn McMillon, Deputy Director
Texas Commission on Environmental Quality

Enclosures