Volkswagen Diesel Emission Settlement

New Hampshire Semi-Annual Report
January 1, 2026 – June 30, 2026

New Hampshire Department of Environmental Services

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In accordance with Section 5.3 of the Volkswagen Environmental Mitigation Trust Agreement for State Beneficiaries, I hereby attest that the information contained in this report is true and correct and that this submission is made under penalty of perjury.

Signature: Craig A. Wright *Date:* 7/22/26

Craig A. Wright

Background

On January 4, 2016, the United States and the State of California filed a complaint against several Volkswagen companies, referred to herein as Volkswagen, alleging violations of the Clean Air Act with regard to approximately 580,000 model years 2009 to 2015 2.0- and 3.0-liter diesel engines. The complaint alleged that the vehicles contained "defeat devices," in the form of computer software designed to cheat on federal emissions tests, enabling the vehicles to emit levels of oxides of nitrogen (NOx) as high as forty times the federal standard without detection by the vehicle's On-Board Diagnostic system, a system that numerous states, including New Hampshire, rely upon to detect and require repairs on vehicles exceeding federal emission standards. On October 2, 2017, the Department of Justice and Volkswagen signed a $15 billion settlement, a portion of which – $2.9 billion – will be held by the Volkswagen Mitigation Trust and shared among the U.S. states and tribes, based on the number of violating vehicles registered in each. New Hampshire's share is $30,914,841.09.

In 2017, Governor Sununu directed the former Office of Strategic Initiatives (OSI) to be New Hampshire's Lead Agency in relation to the Environmental Mitigation Trust funds. OSI worked closely with New Hampshire Department of Environmental Services (NHDES) to develop New Hampshire's Beneficiary Mitigation Plan that lays out how New Hampshire plans to spend the portion of the Trust allocated to the State. NHDES was subsequently appointed as Lead Agency by the Governor in August 2021.

New Hampshire's Beneficiary Mitigation Plan presents the goals, available funding, funding priorities, and anticipated benefits from the state's use of the Environmental Mitigation Trust funding. The Plan allocates funding as follows:

1. Approximately $15.5 million (50 percent) of New Hampshire's allocation will be used to replace **state and municipal vehicles and equipment** under Eligible Mitigation Actions (EMAs) 1, 2, 6, and 10.

2. Approximately $4.6 million (15 percent) of New Hampshire's allocation will be used for the acquisition, installation, operation, and maintenance of **electric vehicle supply equipment** (EVSE) as allowed under EMA 9.

3. Approximately $6.2 million (20 percent) of New Hampshire's allocation will be available to all entities, public and private, through **competitive solicitations for projects** in EMAs 1, 2, 6, 7, and 10.

4. No more than $4.6 million (15 percent) of New Hampshire's allocation will be utilized for **administrative costs**.

The following sections of this report summarize progress implementing EMAs in the manner described above.

New Hampshire Department of Transportation Vehicle Replacement Project

A two phase project, under EMAs 1 and 6, funded the replacement of nine (9) extra-heavy-duty trucks, twenty-four (24) heavy-duty trucks and five (5) medium-duty trucks and was completed by the New Hampshire Department of Transportation (NHDOT) in partnership with the New Hampshire Department of Environmental Services (NHDES) and the New Hampshire Office of Strategic Initiatives (NHOSI). The Trustee disbursed funds in the amounts of $6,182,968, $3,208,347 and $1,361,666 for Beneficiary EMA Certification "NHOSI-19-01." Administrative funds for NHOSI and the Department of Environmental Services (NHDES) in the amounts of $4,265 and $17,958, respectively were also disbursed. This project was completed as of June 30, 2022, and a final report on this project was submitted in July 2022.

NHDES Clean Diesel Grant Program funded by EPA's Diesel Emission Reduction Act (DERA)

DERA grants have historically been awarded annually by the U.S. Environmental Protection Agency (EPA) to NHDES to fund New Hampshire's Clean Diesel (NHCD) Grant Program. Funds from NH's Beneficiary Mitigation Trust were utilized as non-federal match for the Program to secure a 50 percent federal bonus for the DERA award during the Federal Fiscal Years 2017-2022. New Hampshire did not use funds from NH's Beneficiary Mitigation Trust as match for the Federal Fiscal Year (FFY) 2023-2024 DERA program, however previous matching funds are still being utilized as reported below.

The NHCD Grant Program is a competitive sub-grant program which targets replacement of vehicles, engines, and equipment (public or privately owned), as well as installation of idle reduction technologies and certain on-board upgrades. The Program prioritizes projects where the vehicles/equipment operate in areas with economic challenges, in areas with sensitive receptor groups such as schools or hospitals, in areas that receive a disproportionate quantity of air pollution from diesel fleets, and/or in areas that are near non-attainment for other pollutants such as particulate matter (note that all of NH is currently considered in attainment).

Funds from the approximately $15.5 million allocation earmarked for replacement of state and municipally owned vehicles and equipment in New Hampshire's Beneficiary Mitigation Plan, and from the approximately $6.2 million earmarked for public and private vehicle and equipment replacement, have contributed to the NHCD Grant Program under EMA 10 in past years.

On December 18, 2020, the New Hampshire Governor and Executive Council (G&C) approved a Memorandum of Agreement between NHOSI and NHDES to utilize NH's Beneficiary Mitigation Trust funds as non-federal match for New Hampshire's FFY 2019 DERA grants. On April 29, 2021, NHOSI submitted Beneficiary EMA Certification "NHOSI-21-01" to the Trustee requesting payments of $316,427 to NHDES for the NHCD Grant Program and $104 to NHOSI for administrative funds. The disbursement of these funds for the FFY 2019 NHCD Grant Program was completed by the Trustee on October 6, 2021 and the final report was submitted in January 2022.

The FFY 2019/2020 NHCD Grant Program began on October 1, 2019. The total budget for the program was $1,615,011, including $646,004 in NH Beneficiary Mitigation Trust matching funds. During 2021, G&C approved two new projects and approved amendments extending the completion date for five existing projects. Additionally, NHDES prepared and facilitated the FFY 2021 NHCD Grant Program solicitation, which began on November 1, 2021. Eight (8) proposals were received within the specified submission period.

Throughout 2022, NHDES scored and selected projects from the FFY 2021 NHCD Grant Program solicitation and worked with selectees on finalizing grant agreements. Supply chain delays challenged many of these projects, resulting in several project withdrawals; grantee personnel constraints due to COVID-19 have also delayed projects. Funds originally committed to withdrawn projects were rolled into the FFY 2022 solicitation, which NHDES released in Summer 2022. Several projects were selected from Round 1, Round 2, Round 3, and Round 4 of this solicitation and are proceeding.

In early 2023, we learned that one of the 2020 grantees decided to carry out project activities in a location that was not designated by their grant agreement, thus the grant agreement was terminated by mutual agreement. In August 2023, NHDES obtained an extension to the combined FFY 2019 and FFY 2020 DERA grant award to allow for more time to identify new projects for funding. In fall 2023, we learned that an additional 2020 grantee had been unable to execute their grant agreement by the projection completion date, due to supply chain delays and lack of personnel. Due to these factors, this grant agreement was also terminated by mutual agreement.

In February 2024, NHDES was awarded the FFY 2023/2024 NHCD Grant Program (NHCD). For the first time since FFY 2017, NHDES did *not* provide 100 percent match to the federal funds using NH Beneficiary Mitigation Trust funds The DERA Program's funding limit restrictions and federal requirements, such as Build America, Buy America compliance with electric vehicle charging infrastructure, have presented barriers to qualifying projects. However, project types that are not EMAs under the VW Trust are eligible under DERA and we continue promote the NHCD program and identify new potential applicants. NHDES can opt back into matching funds in any future year and will reassess a matching investment of VW funding into this program if another award becomes available.

In August 2025, NHDES began conducting a new NHCD Grant Program Request for Proposals (RFP) with rolling application rounds closing each month until all funding has been obligated. Applicant eligibility was restricted to public entities only, and to minimize overlap with our VW Trust Granite State Clean Fleets program, project eligibility was narrowed primarily to non-road units and truck stop electrification projects, along with certain on-road units if replaced by electric units. Under this RFP, three (3) eligible project proposals from one (1) applicant were selected for funding. The grant agreement for these projects was approved by G&C and they are in various stages of implementation.

In January 2026, NHDES released an updated NHCD Grant Program RFP, expanding applicant eligibility to qualifying private and non-profit entities. Like the 2025 RFP, this RFP is utilizing rolling monthly application rounds and will be open until all remaining funding has been obligated. Through June 2026, this RFP has selected three (3) eligible project proposals for funding, two (2) of which have been approved by G&C or the NHDES Commissioner and are now in the implementation phase. During the reporting period, one (1) NHCD project from the Town of Dover achieved completion, and reimbursement of $14,951.25 in VW Trust funding was disbursed to the grantee.

Included in this semi-annual report are copies of the quarterly DERA reports submitted to EPA by NHDES for this reporting period for both the FFY 2019/2020 grant and the FFY 2021/2022 grant.

Other New Hampshire State Agency Vehicle Replacement Projects

On January 22, 2020, G&C approved Memorandums of Agreement (MOAs) between NHOSI and the New Hampshire Department of Corrections (NHDOC), Department of Safety (NHDOS), and New Hampshire Fish & Game (NHFG) utilizing approximately $1,160,000 in funding from NH's Beneficiary Mitigation Trust to partially fund the purchase and replacement of existing diesel vehicles. These projects are funded from the approximately $15.5 million of the state's allocation for replacement of state and municipal vehicles and equipment under EMAs 1 and 6.

On May 7, 2020, G&C approved a fourth MOA for replacement of state diesel vehicles operated by NHDES' Winnipesauke River Basin Program (WRBP) for $184,000.

On June 30, 2021, NHOSI submitted Beneficiary EMA Certification "NHOSI-21-03" to the Trustee for payments for the following for vehicle replacements:

- $174,064 to NHDOC
- $201,059.20 to NHFG

- $1,361,666.40 to NHDOT

Additionally, NHOSI-21-03 included a request for $4,151.25 for administrative costs to NHOSI.

On October 28, 2022, NHDES submitted Beneficiary EMA Certification "NHDES-22-01" to the Trustee for payment of $236,115 for replacement of two of NHDOS' vehicles as well as $35,417 to NHDES for administrative costs.

On January 27, 2023, NHDES submitted Beneficiary EMA Certification "NHDES-22-02" to the Trustee for payment of $163,857 for NHDES-WRBP's vehicle replacements and $4,187 for NHDES' administrative costs.

As of June 30, 2023, all of these projects were complete.

- NHDOS had scrapped and replaced all vehicles.
- NHDES-WRBP had scrapped both of their vehicles and put their replacements into service.
- NHDOC had placed into service both of their new vehicles and scrapped the replaced vehicles.
- NHFG had put their new vehicles into service and scrapped the vehicles that had been replaced.

In July 2023, NHDES submitted Beneficiary EMA Certification "NHDES-23-02" to the Trustee for payment of $235,899 or NHDOS' remaining vehicle replacement. This request was approved, and the payment was processed in January 2024.

In early 2025, NHDES conducted an analysis of the NH state vehicle fleet to help inform the development of a strategy to expend the remaining funding in the Public/Government Vehicles and Equipment allocation. NHDES identified a suite of vehicles that meet the criteria of the program and worked with state agency partners in Q3 and Q4 2025 to develop and contract vehicle replacement projects and expend the remaining funds. **In early 2026**, one (1) additional state agency vehicle replacement project was selected for funding, bringing the total amount of obligated funding to nearly $1.75 million. This funding is slated to replace nine (9) vehicles of various vocation from state agency partners at NHDOS, NHFG, NHDES Dam Bureau, the New Hampshire Judicial Branch (NHJB), and White Mountains Community College. As of June 30, 2026, all projects have been approved by G&C, and the NHDES Dam Bureau and NHJB projects have achieved completion and were submitted to the Trustee for payment disbursement.

Manchester Transit Authority School Bus Replacement Project

On February 5, 2020, G&C approved an agreement between NHOSI and the Manchester Transit Authority (MTA) to utilize funding from NH's Beneficiary Mitigation Trust, under EMA 2, to partially fund the purchase and replacement of fourteen (14) diesel school buses with propane school buses. On

March 16, 2020, NHOSI submitted Beneficiary EMA Certification "NHOSI-20-01" to the Trustee, requesting $750,000 for the MTA school bus replacements plus $4,816 and $6,491 for administrative funds for NHOSI and NHDES, respectively. In September 2020, MTA placed all fourteen (14) replacement school buses into regular service. This project was completed as of June 30, 2021, and the final report on this project was submitted in July 2022.

NHDES Congestion Mitigation & Air Quality (CMAQ) Improvement Program: Electric Vehicle (EV) Charging Station Project

In 2020, NHDES entered into a CMAQ Improvement Program Project Agreement with New Hampshire Department of Transportation (NHDOT) to install Level 2 EV charging stations at three (3) State-owned properties: two (2) in Concord and one (1) in Franconia. This project proposed to install three dual-nozzle Level 2 charging stations at State-owned properties at 29 Hazen Drive (Concord), 21 South Fruit Street (Concord) and Cannon Mountain Ski Area (Franconia). VW funding would be used to provide $47,946 in funds to match CMAQ funding provided to the state by the Federal Highway Administration (FHWA). The total project cost was projected to be $239,730.

In 2021, NHDES staff attended a Project Scoping meeting with staff from NHDOT. NHDES began coordinating with the New Hampshire FHWA Field Office on the resolution of issues regarding "Buy America" requirements related to this project.

As of June 30, 2026, these CMAQ projects are on hold indefinitely due to Title 23 Federal Aid Requirements, including "Buy America" restrictions. NHDES is considering redirecting the funds towards other EV charging projects or programs.

Direct Current Fast Charging Infrastructure Request for Proposals/Request for Information

In November 2019, NHDES, serving as a representative of NHOSI, released an RFP for the installation and operation of electric vehicle supply equipment (EVSE), including both direct current fast charging (DCFC) and Level 2 chargers. The purpose of this RFP was to select qualified applicants to provide a strategic network of EVSE and associated operations, maintenance, and management services along specified corridors in New Hampshire. NHDES and NHOSI were funding this solicitation, consistent with the New Hampshire Beneficiary Mitigation Plan, through the beneficiary Mitigation Trust. Because NHDES received no responses that met the minimum qualifications of the RFP, in February 2020 NHDES released a subsequent Request for Information in an effort to receive feedback on the RFP and additional input on the RFP requirements.

On June 1, 2021, NHOSI submitted Beneficiary EMA Certification "NHOSI-21-02" to the Trustee for reimbursement of administrative costs incurred by NHOSI and NHDES during the course of this project. The payments requested in NHOSI-21-02 include funds for NHOSI and NHDES in the amounts of $3,250 and $57,308.66, respectively. The disbursement of these funds was completed by the Trustee on October 6, 2021.

In 2021, when NHDES became the Lead Agency, it launched a VW Mitigation Trust webpage to replace the VW webpage of NHOSI. The webpage provides information related to the RFP in addition to other Trust-related information and documentation. On September 17, 2021, NHDES released a second RFP for the New Hampshire VW Environmental Mitigation Trust Direct Current Fast Charging Infrastructure project. NHDES personnel also conducted an informational webinar and responded to questions related to the RFP. Proposals were due on February 25, 2022.

NHDES received thirty (30) application packets containing a total of fifty-three (53) proposed EVSE deployment options. NHDES determined that forty-three (43) of these proposed options—representing thirty-five (35) sites across twenty-five (25) New Hampshire towns and cities—met the minimum qualifications of the RFP and were thus advanced to the scoring phase. These proposals have been scored and evaluated and NHDES has completed grant agreement negotiations with the highest scoring applicants.

As of June 30, 2026, the G&C has approved eight (8) grant agreements under this program. The approved sites are in Claremont, Colebrook, Dover, Epping, Errol, Keene, Lancaster and Peterborough, New Hampshire. During the reporting period, the sites in Dover and Epping achieved completion. All of the approved sites are now operational with the exception of Errol. NHDES has submitted three (3) D-4 Beneficiary EMA Certifications to the trustee for payment. "NHDES-24-01" for $210,343 was submitted in May 2024 for the Colebrook project and "NHDES-24-02" for $233,888 was submitted in June 2024 for the Keene project. Partial reimbursements for the projects in Dover and Epping were submitted as Attachment A forms in April 2025 under the open D-4 "NHOSI-21-02", which allocated $2,125,000 for EVSE installation. Two (2) Attachment A forms for the Lancaster and Peterborough projects were submitted in September 2025, totaling $472,399. Subsequent reimbursements will also be submitted under this D-4 to fully expend the allocated funding before submitting any further D-4s for this EMA.

Level 2 EVSE Rebate Program Request for Information

In January 2026, NHDES closed a Request for Information (RFI) soliciting public feedback on the design and parameters of a prospective rebate program for public Level 2 EVSE, and for qualifications for a prospective third-party administrator of such a program. NHDES is considering applying approximately $3 million of its remaining allocation for light-duty EVSE to the prospective rebate program, with an eye towards the more efficient disbursement of the available funding. NHDES is reviewing the eighteen (18) responses received to the RFI with plans to incorporate the public feedback received into the development of concepts to expend the remaining funding.

Granite State Clean Fleets

In June 2023, NHDES launched Granite State Clean Fleets (GSCF), a competitive solicitation for local governments to replace diesel vehicles/equipment with newer, cleaner diesel or electric versions and/or install marine shore power under EMAs 1-8. Projects engaging or benefiting rural and resource-strapped communities were prioritized. Projects proposing electrification or renewable energy sources were eligible for bonus points. NHDES completed various outreach activities through the project solicitation phase of the program. The first round of the program is expected to expend approximately $4,600,000.

NHDES received thirty-two (32) applications, containing forty-four (44) vehicle replacement proposals and one (1) marine shore power project. Of these, forty-three (43) were eligible project proposals, representing twenty-six (26) local governments across New Hampshire. Eligible proposals were scored and fifteen (15) were selected to move forward. Of these, fourteen (14) projects have been approved by G&C and are currently in progress. One (1) project was not approved by G&C. **During the reporting period**, two (2) projects were completed, one (1) project amended its grant agreement to extend the completion date, and three (3) projects submitted for reimbursement. The Towns of Greenville and Hillsborough completed their projects, replacing two (2) plow trucks. These projects join the Towns of Belmont, Farmington, Goshen, Lee and Litchfield, who have also completed projects replacing seven (7) plow trucks under the program. The University of New Hampshire has also completed its project to install six (6) marine shore power pedestals at its docks in New Castle, NH. Combined, the projects that have submitted for reimbursement have requested a total of $1,776,080 to be reimbursed by the Trust.

NHDES released its second GSCF RFP in April 2025, utilizing approximately $5.1 million in funding that remained in the Beneficiary Mitigation Plan allocations for Municipal Vehicle Replacements and Competitive Project Solicitations. Project eligibility remained similar to the first GSCF RFP, but applicant eligibility was expanded to include private and non-profit entities in addition to public entities. This RFP closed in late May, with nineteen (19) vehicle replacement projects received from sixteen (16) applicants. Two (2) proposals were subsequently withdrawn. Grant agreements for fifteen (15) of these projects have been approved by G&C while grant agreements for two (2) selected projects were not approved. Six (6) of the approved projects have been completed so far, with a total of $1,458,986.43 in payments being disbursed by the Trustee. Approximately $1,900,000 in additional funding is expected to be expended from this second GSCF RFP.

In August 2025, NHDES released its third GSCF RFP, utilizing approximately $7.6 million in funding that remained in the Beneficiary Mitigation Plan allocations for Municipal Vehicle Replacements and Competitive Project Solicitations. Project eligibility remained similar to the prior GSCF RFPs, but applicant eligibility was once again restricted to public entities only. This GSCF RFP operated on a rolling basis, with application windows closing at the end of each month. **The RFP closed during the reporting period in February 2026**, one (1) month ahead of schedule, having obligated all available funding to thirty (30) projects from twenty-six (26) discrete applicants. As of June 30, 2026, grant agreements for all of these projects have been approved by G&C. Two (2) projects have achieved completion thus far, requesting $578,107 in payment from the Trustee. Nearly $7.1 million in additional funding is expected to be expended from this third GSCF RFP.

In March 2026, NHDES released its fourth GSCF RFP, making approximately $2.5 million of funding available. This funding was drawn from interest that had accrued on funds held by the Trustee, along with a large portion of administrative funding that NHDES has rededicated to vehicle replacement projects. As with the prior RFP, this RFP is open to public entities only and is being operated on a rolling monthly basis until all funding has been obligated. As of June 30, 2026, an additional six (6) projects requesting over $1.4 million in GSCF funding have been selected to proceed, with contracting currently progressing.