STATE OF HAWAIʻI

VOLKSWAGEN SETTLEMENT ENVIRONMENTAL MITIGATION TRUST AGREEMENT

SEMI-ANNUAL REPORT (January 1 – June 30, 2026)

Prepared and submitted by the Hawaiʻi State Energy Office within the State of Hawaiʻi Department of Business, Economic Development, and Tourism

July 2026

Beneficiary	Hawaiʻi
Lead Agency	Department of Business, Economic Development, and Tourism
Reporting Period	(January 1 – June 30, 2026)

Summary of All Costs			
Beneficiary Project ID	Project	Total Funds Obligated	Total Funds Expended to Date
VW - 0010 - 0001	ACTION 10 DERA FY17/18 HONOLULU TRANSIT BUS REPLACEMENT	$230,087	$ 106,159.64
VW - 0010 - 0002	ACTION 10 amended VEHICLE ASSISTANCE PROGRAM – *renamed Diesel Replacement Rebate*	$2,519,913	$1,127,885.69
VW - 0009 – 0003	ACTION 9 LIGHT DUTY ZEV SUPPLY EQUIPMENT	$1,218,750	$97,925.28
VW – 0002 – 0004	ACTION 2 HAWAIʻI ZERO-EMISSION BUS PROGRAM	$4,156,250	$56,630.56

Date Submitted	Submission/Status
January 2020	Hawaiʻi Semi-Annual Report (Jul – Dec 2019) submitted
March 2020	Project 1 – U.S. EPA approved no-cost extension with updated deadline of June 2021
March 18, 2020	Project 1 – HSEO and DOH-CAB finalized Memorandum of Agreement Project 2 – HSEO and DOH-CAB finalized Memorandum of Agreement
May 8, 2020	Project 1 – Solicitation open for "Furnish and Deliver 29' to 35' Heavy Duty Low Floor Battery Electric Bus
June 8, 2020	Project 1 – All bids received for "Furnish and Deliver 29' to 35' Heavy Duty Low Floor Battery Electric Bus
June 30, 2020	Project 2 – DERA FY20 workplan submitted to U.S. EPA for approval
July 7, 2020	Project 1 – Contract awarded for "Furnish and Deliver 29' to 35' Heavy Duty Low Floor Battery Electric Bus"
December 2,2020	Project 2 - Amended funding request submitted to U.S. Wilmington Trust for approval
April 22, 2021	Project 3 – Application for Kauaʻi Alternative Fuel Corridor approved
May 26, 2021	Project 2 – DERA FY21 workplan submitted to U.S. EPA for approval
October 2021	Project 1 – New vehicle received, old vehicle scrapped, and invoice submitted
October 29 2021	Project 2 – Diesel Replacement Rebate open and accepting applications
November 9, 2021	Project 4 - HSEO submitted a D-4 Funding Request to the Trustee
February 7, 2022	Project 2 – DRR reopens under modified eligibility criteria
January 22, 2022	Project 4 – Funding request was approved by the Trustee
Spring 2022	Project 2 – Continued project evaluation and applicant selection
March 8, 2022	Project 1 – Return of funds initiated, project complete

June 30, 2022	Project 4 – MOA between HSEO and DOT signed
Summer 2022	Project 2 – Developed new eligibility requirements for year 2 rollout
December 1, 2022	Project 4 – RFP released
December 12, 2022	Project 2 – EPA approved workplan updates and extended project deadline
February 7, 2023	Project 2 – Year 2 DRR Program Opened
Ongoing	Project 2 – Applications received for year 2 program
Ongoing	Project 4 – RFP review
June 16, 2023	Project 3 – EV funds are designated as match for CFI
June 2023	Project 2 – Final documentation received for 2 year 1 projects
June 2023	Project 2 – Payout initiated for 2 year 1 projects using DOH DERA base funds
October 2023	Project 2 – Payout of two projects
December 2023	Project 2 – Applied for the DERA Competitive fund
January 2024	Project 2 – DOH CAB received FY 23 DERA formula funds, which will be added to the DRR
February 2024	Project 2 – Payout of two projects
March 2024	Project 2 – Year 3 of DRR launched
May 2024	Project 4 – Gillig Selected as equipment provider, training scheduled
May 2024	Project 2 – DRR program paused to evaluate updates
June 2024	Project 3 – Project underway using funds allocated to Kauai DCFC buildout
August 2024	Project 2 – Project selected; initiation forms sent
November 2024	Project 2 – Project selected; initiation forms received
November 2024	Project 2 – Project selected; initiation forms received
November 2024	Project 2 – Project selected; initiation forms received
January 2025	Project 2 – Initiation forms received for the fourth project
February 2025	Project 2 – payout of Year 2 project (using only DERA initiative funds not VW)
May 2025	Project 2 – received proof of purchase for one of the projects to be funded using VW funds
May 2025	Project 3 – MOA between HSEO and Kauaʻi County signed – allocating $50,000 VW Trust funds for Level 3 EV charger deployment at three Kauaʻi sites
June -August 2025	Project 4 – Battery electric buses delivered to all three counties
July 2025	Project 3 – Kauaʻi County Level 3 charging stations – Design phase initiated
September 2025	Project 2 – Shift from periodic calls for projects to accepting applications on a rolling basis.
February 2026	Project 3 – MOA between HSEO and DAGS signed
April - May 2026	Project 2 – Projects evaluated and selected
May - June 2026	Project 4 – Reviewing scrappage requirements and documentation

Program details on following pages.

The information in this report is true and correct and submission is made under penalty of perjury.	07/30/2026 Nicole Cernohorsky — Date Acting Managing Director, Clean Transportation

Project 1 Update – Action 10 DERA FY 17/18 Honolulu Transit Bus Replacement

On May 19, 2019, the Hawaiʻi State Energy Office (HSEO) submitted a D-4 Funding Request to the Trustee for $230,087. The funding request was approved by the Trustee on July 19, 2019. Trust funds were disbursed to the State of Hawaiʻi on August 2, 2019.

The City and County of Honolulu, Department of Transit Services (DTS) and Oʻahu Transit Services (OTS) planned to introduce a new three-mile bus route for TheBus to be named "the Downtown Health Circular." The City and County of Honolulu, DTS and OTS, planned to operate the route with two (2) battery electric buses. HSEO utilized Trust Funds and Department of Health, Clean Air Branch (DOH-CAB) Diesel Emissions Reduction Act (DERA) funds to assist with the purchase of the two (2) battery electric buses. The funds from the D-4 funding request allowed the DOH-CAB to receive $113,088 of EPA DERA FY 17/18 matching incentive funds for the project.

HSEO and DOH-CAB finalized the Memorandum of Agreement for the project on March 18, 2020. The City and County of Honolulu DTS Purchasing Department opened the "Furnish and Deliver 29' to 35' Heavy Duty Low Floor Battery Electric Bus" solicitation on May 8, 2020 and received all offeror bids on June 8, 2020. On July 7, 2020 a contract was awarded to A-Z Bus Sales Inc.

Project Modifications

The project deadline was extended from the initial deadline of March 31, 2020 due to delays of bus procurement. In March 2020, DOH-CAB's request for a no-cost extension was approved by the U.S. EPA for the DERA FY17/18 Program. The updated project deadline was September 2021. Although the initial plan was to purchase 2 buses, the City and County of Honolulu purchased only one due to the high cost of the vehicle. Therefore, the total project cost is under-budget. In order to preserve trust funds, HSEO opted to provide a voluntary match of budgeted $93,077 instead of the state match. DOH returned the bonus incentive provided by EPA.

The City and County of Honolulu received the replacement electric bus and scrapped the existing bus. HSEO initiated the return of unused VW funds on March 8, 2022. This project is now complete. Table 1 summarizes the final project budget and funding contributions across all sources.

Table 1 Budget Summary – Honolulu Transit Bus Replacement. This table summarizes the final approved budget and funding contributions for Project 1, including Volkswagen Mitigation Trust funds, federal Diesel Emissions Reduction Act (DERA) funding, and City and County of Honolulu cost share. Amounts shown reflect total approved project costs and VW Mitigation Trust funds expended to date. Administrative costs reflect the revised budget following project scope and cost adjustments.

Budget Category	Total VW Trust Funds Expended to Date	Total Approved Budget	Share of Total Budget to be Funded by the VW Trust*	Cost-Share, DERA FY17/18 EPA Allocation	Cost-Share, City and County of Honolulu
Equipment	$93,077.00	$1,002,741	$93,077	$358,156	$551,508
Administrative	$13,082.64	$16,425	$16,425	--	--
Project Totals	**$106,159.64**	**$1,019,166**	**$109,502**	**$358,156**	**$551,508**

*The Administrative costs as noted in the DERA workplan submitted to the EPA were originally $34,513. As the budget decreased as noted above, the administrative budget decreased as well. The new administrative budget noted here was updated in the DERA workplan.

Project 2 Update – Action 10 DERA Diesel Replacement Rebate Program

Program Overview

Under Action 10 of Hawaiʻi's Beneficiary Mitigation Plan, the Diesel Replacement Rebate (DRR) Program was established to reduce nitrogen oxides (NO_x) emissions through the replacement of eligible diesel vehicles with zero-emission alternatives. The program is administered by the Hawaiʻi State Energy Office (HSEO) in partnership with the Hawaiʻi Department of Health, Clean Air Branch (DOH-CAB).

To support long-term program continuity and provide a consistent application experience for fleet owners, HSEO structured the DRR as a multi-year rebate program that accepts applications on a rolling basis and coordinates funding across multiple fiscal years. While the program leverages several funding sources, this report focuses primarily on the use of Volkswagen (VW) Mitigation Trust funds, as required under the Trust Agreement.

VW Mitigation Trust Funding

On July 8, 2019, HSEO submitted its second D-4 Funding Request to the Trustee for $316,494, which was approved on September 6, 2019. Trust funds were disbursed to the State of Hawaiʻi on September 21, 2019.

In order to create a seamless experience for potential applicants, HSEO requested and received the remaining $2,203,419 of Trust funds applicable to Action 10; i.e. Diesel Emissions Reduction Act (DERA)-applicable funds. Requesting these funds in bulk allows HSEO to run an ongoing rebate program that accepts applications from year-to-year without interruption. The requested $2,203,419 of Trust funds were disbursed to the State of Hawaiʻi on February 8, 2021. This brought the total VW funds available for Project 2 to $2,519,913. HSEO is currently implementing this multi-year program with the Department of Health, which has been renamed Diesel Replacement Rebate (formerly Electric Bus Assistance Program).

Program Design and Cost Share

The DRR program was developed to fulfill the goals and requirements of both the Trust and the DERA program. Incentives are provided as rebates covering up to 45 percent of eligible project costs, with participating fleet owners required to fund the remaining project costs.

The DRR Program leverages not only the Trust funds but also the federal Diesel Emissions Reduction Act (DERA) funding administered through DOH-CAB and the competitive DERA grant funds awarded to HSEO (Table 2). By combining these funding sources, the DRR Program is able to support a greater number of vehicle replacement rebates than would be possible using VW funds alone.

Table 2 Total DRR Program Funding (All Sources). The table summarizes total funding allocated to support the DRR program across all sources. Amounts shown reflect funds available for rebate payments and illustrate how VW Mitigation Trust funds are leveraged alongside other funding to support diesel vehicle replacement statewide. Percentages represent each funding source's share of total program rebate funding and are provided for contextual comparison only.

Funding Source	Amount allocated for DRR rebates	Share of Total Program Cost
VW Mitigation Trust (HSEO)	$2,141,926	22%
DERA Formula – Base (DOH)	$2,132,585	22%
DERA Formula – Incentive (DOH)	$1,066,293	11%
DERA Competitive (HSEO)	$4,500,000	46%
Total Program Cost	$9,840,804	100%

Program Implementation and Progress

On March 18, 2020, HSEO and DOH-CAB finalized a Memorandum of Agreement establishing roles and responsibilities for implementation of the DRR Program and coordination related to Hawaiʻi's DERA state allocation.
Year 1 of the DRR program opened on October 29, 2021 and received a strong response from fleet owners, with approximately 94 percent of available funds reserved during the initial application period. Based on applicant feedback, minor adjustments to eligibility requirements were implemented on February 7, 2022 as part of a scheduled program update. The first year of this program focused on replacing medium- and heavy-duty trucks and school, transit, and shuttle buses with battery-electric equivalents.

During this initial period, the Diesel Replacement Rebate Program utilized program funds from fiscal years 2019, 2020, and 2021 totaling $2,394,883, including DERA matching incentive funds.

HSEO was awarded a no-cost extension of FY 19/20 funds on April 27, 2022, which changed the deadline from September 30, 2022 to 2024. On December 12, HSEO was awarded a no-cost extension of the FY 21/22 funds, extending this deadline to September 30, 2024 as well.
In conjunction with these extensions, the DRR Program expanded eligibility in Year 2 to include diesel-to-hydrogen vehicles, tractors, and nonroad vehicles at ports and airports. For FY 2022, DOH received $348,357 in DERA base funds, and HSEO provided an equivalent amount of VW Mitigation Trust funds as match to access available DERA incentive funding, resulting in a total of $870,893 available to support eligible projects during the fiscal year.

Year 2 of the program launched on February 7, 2023 and continued to receive demand exceeding available funding. The program received 9 applications for vehicle replacement projects. 8 projects were declined and 1 project was awarded based on eligibility and first come first serve priority. This project consisted of one port forklift. Funding across both DERA grants (FY 19/20 and FY 21/22) was 98% reserved.

HDOH-CAB was awarded FY23 funds: $414,101base, $414,101VW match, with a $207,051 incentive, for a total of $1,035,253. In 2024 HSEO was awarded DERA competitive funds totaling $4.5M which were to be added to the DRR program.

DOH-CAB paid out 4 projects, 2 school buses 3 tour buses (one includes a charger), from the first year of the project using the DERA based funds (FY 2019-22 DERA base funds, VW funds, and FY 2019/2020 DERA incentive funds). In the second year one forklift project was completed using the FY 2020 DERA incentive funds. HSEO briefly paused year 3 of the program to incorporate federal guidelines and expand the program offering. The program re-opened July 26, 2024 with updates. These updates were: 1. Expanding the definition of non-road vehicles to include 4x4 offroad agricultural vehicles, as allowed by DERA, and 2. Restricting BABA-eligible chargers from receiving funds due to potential complexity and liability.

Year 3 of the program received 4 applications for vehicle replacement projects. These projects consisted of 1 tractor, 2 tour buses and 1 shuttle bus. All four projects were evaluated and deemed eligible and signed the Eligibility Statement and Participation Agreement.

In 2025, HSEO focused on project completion, funding integration, schedule extensions, and refinements to program administration. HSEO transitioned the DRR Program to a continuous, rolling application process - the program no longer operates through discrete calls for projects or annual application windows. Applications are now accepted on an ongoing basis, subject to funding availability and eligibility requirements. HSEO also expanded the DRR Program to incorporate awarded DERA competitive grant funding and extended the overall program through 2028 to align with the anticipated use of available DERA funds. Additionally, HSEO secured extensions for the FY 2019/2020 and FY 2021/2022 DERA grants through September 30, 2026, providing additional time to complete projects and process rebate payments.

Program Updates (this reporting period)

During this reporting period, HSEO received 20 applications, including 7 shuttle buses and 13 non-road vehicles (airport ground support equipment). HSEO evaluated all shuttle bus applications, determined them to be eligible for funding, and executed participation agreements with the applicants. As of the date of this report, HSEO is continuing its review of the non-road vehicle applications and expects to complete the evaluations and proceed with awards during the next reporting period.

The DOH-CAB submitted a no-cost extension request for the FY 2021–2022 DERA grant in June 2026 and plans to submit another request for the FY 2023–2024 DERA grant during the next reporting period.

In addition, HSEO initiated the procurement process for a Medium and Heavy-Duty Vehicle Market Research study using FY 2019–2020 DERA funding to help inform the DRR program. Contract execution and completion of the study are expected during the next reporting period.

Individual Project Status and Anticipated Activity

The status of projects requiring individual updates as of June 30, 2026, is summarized below:

- Seven shuttle bus replacement projects were selected, and Eligibility Statements and Participation Agreements were executed. VW Mitigation Trust funds have been reserved for three of these projects; the rest are anticipated to use DERA funding.
- One tour bus project submitted proof of scrappage, supporting documentation, and a Reimbursement Request. The reimbursement is pending disbursement by DOH-CAB and is anticipated during the next reporting period using VW Mitigation Trust funds.

Table 3 presents the Volkswagen Mitigation Trust fund status for the Diesel Replacement Rebate Program as of the close of the reporting period. The table distinguishes between Trust funds already disbursed (expended), funds committed to awarded projects currently under implementation (reserved), and funds remaining available for future eligible projects.

Table 3 VW Mitigation Trust Fund Status – DRR Program. *This table summarizes VW Mitigation Trust funds allocated, expended, reserved for awarded projects at various stages of implementation, and remaining available. Reserved funds represent committed but undistributed Trust funds and are disbursed only after required program milestones are met.*

Category	VW Funds Allocated	VW Funds Expended to Date	VW Funds Reserved for Awarded Projects	VW Funds Remaining Available (reserved funds spent)
Equipment Rebates	$2,141,926.05	$949,802.67	$1,113,851.73	$78,271.65
Administrative Costs	$377,986.95	$178,083.02	--	$199,903.93
Total	$2,519,913.00	$1,127,885.69	$1,113,851.73	$278,175.58

Project 3 Update – Action 9 Light Duty Zero Emission Vehicle (ZEV) Supply Equipment

On October 16, 2019, HSEO submitted its third D-4 Funding Request to the Trustee for $1,218,750. The funding request was approved by the Trustee on December 16, 2019. Trust funds were disbursed to the State of Hawaiʻi on December 24, 2019.

HSEO plans to utilize these Trust funds to contribute towards the purchase, installation, and maintenance of approximately 20-30 light duty electric vehicle (EV) charging stations, which may include a mix of Level 1 chargers, Level 2 chargers, and DC fast chargers. The program will focus on locations (1) available to the public at government-owned properties; (2) available at workplaces; or (3) that support charging network connectivity. The funded EV charging stations will help to expand Hawaiʻi's statewide EV charging network and support the state's fleet electrification efforts.

HSEO plans to allocate a portion of the Trust funds for EV charging infrastructure in strategic locations which support economically efficient deployment and utilization of EV charging infrastructure from a holistic energy system perspective. The program seeks to support workplace or daytime charging infrastructure to align with peak solar generation periods. Ideal EV charging infrastructure will also serve the needs of both private personal EVs and public fleets, maximizing charging infrastructure utilization and increasing EV adoption.

HSEO's plans stipulate allocating funds to EV charging infrastructure projects that support the expansion of Hawaiʻi's EV charging network to areas not yet serviced, preferentially along Hawaiʻi's federally recognized Alternative Fuel Corridors. The funding allocation for EV charging infrastructure will take into consideration support of EV adoption within the four major counties of Hawaiʻi, existing charging station ports, and stakeholder engagement. In addition to the corridors already in place on the islands of Hawaiʻi, Maui, and Oʻahu, HSEO collaborated with local stakeholders to complete an application for an Alternative Fuel corridor on Kauaʻi, including highways 560, 56, and 50. The application successfully received a Corridor-Pending designation despite having no DC fast chargers on the proposed corridor, which may be attributed in part to the commitment of $50,000 of Volkswagen Settlement funds towards a DC fast charger for the corridor. On May 14, 2025, HSEO and the County of Kauaʻi executed a Memorandum of Agreement (MOA) formalizing this funding commitment. Under the MOA, HSEO will contribute up to $50,000 toward the purchase, installation, and maintenance of Level 3 charging stations at three locations on Kauaʻi: Bryan J. Baptiste Park, Līhuʻe Civic Center, and Anne Knudsen Park. The County will oversee procurement and project implementation, while HSEO will provide technical assistance and ensure that tracking and reporting meet VW Trust requirements.

Separately, HSEO previously committed $50,000 to support Kauaʻi County's cost share in a statewide application led by HDOT for Round 3 of the Charging and Fueling Infrastructure (CFI) Grant Program. The application was submitted in August 2024 but was not awarded the funds in the recent round.

HSEO is currently continuing to work with the Department of Accounting and General Services (DAGS) to assess opportunities to deploy workplace and public charging as well as analyzing state registration and housing data to identify areas where there is greater need for public EV charging given factors such as travel patterns and barriers to charging at home. Targeted public charging deployment is necessary as funding sources for public charging, such as NEVI, are being pulled back in 2025, and Hawaiian Electric's $79M EV charging expansion application was withdrawn from the Public Utilities Commission. In February 2026, HSEO and DAGS finalized a Memorandum of Agreement (MOA) establishing roles and responsibilities for installing public and workplace EVSE (Electric Vehicle Supply Equipment) at state facilities. HSEO committed an initial $500,000 in funding to DAGS for this effort, providing up to 60% of the total eligible project costs for workplace chargers and up to 100% for public chargers. The MOA outlined an additional $600,000 that could be used towards funding EVSE on a per-project approval basis. This funding will support the State's efforts to decarbonize the ground transportation sector and expand access to EV charging infrastructure.

During the July – December 2025 reporting period, Kauaʻi County executed a Design-Build contract for DC Fast Charging stations at the three Kauaʻi locations referenced above. The County also continued the design phase of the project, including engineering, planning, site assessments, and coordination activities necessary to advance the installation of DC Fast Charging infrastructure at the identified locations.

HSEO anticipates that, during the next reporting period, Kauaʻi County will complete the project design, procure the electrical equipment and EV charging infrastructure, obtain the necessary building permits, submit transformer applications to the Kauaʻi Island Utility Cooperative (KIUC), and finalize a right-of-way agreement with KIUC for the placement of electrical infrastructure on County property. HSEO further anticipates that Kauaʻi County will develop the construction schedule and initiate construction. The project remains on track for completion in early 2027.

The budget for Project 3 reflects a multi-year approach to deploying light-duty EV charging infrastructure across Hawaiʻi, including site-specific commitments and programmatic planning activities that are ongoing. Table 4 summarizes the approved Project 3 budget, including Volkswagen Mitigation Trust funding allocated to charging infrastructure deployment and associated administrative costs.

Table 4 Budget Summary – Light Duty Zero Emission Vehicle Supply Equipment. This table summarizes the approved budget for Project 3, including Volkswagen Mitigation Trust funds allocated to the planning, deployment, and administration of light-duty electric vehicle charging infrastructure statewide. Amounts shown reflect total approved funding and expenditures to date under the Trust. Cost-share amounts are shown as "TBD" where site-specific partner contributions have not yet been finalized, as Project 3 is being implemented through a phased, multi-year approach.

Budget Category	Total VW Trust Funds Expended to Date	Total Approved Budget	Share of Total Budget to be Funded by the VW Trust	Cost-Share (if applicable)
Total (1+2)	--	$1,035,939	$1,035,939	TBD
1. Kaua'i Level 3 Charger Project	--	--	$50,000	--
2. DAGS Public and Workplace EV Charging Project	--	--	$500,000 *TBD	--
Administrative Cost	$97,925.28	$ 182,811	$182,811	TBD
Project Totals	$97,925.28	$1,218,750	$1,218,750	TBD

Project 4 Update – Action 2 Hawaiʻi Zero Emission Bus Pilot (HZEB)

On November 29, 2021, HSEO submitted a D-4 Funding Request to the Trustee for $ 4,156,250. The funding request was approved by the Trustee on January 28, 2022. Trust funds were disbursed to the State of Hawaiʻi on March 2, 2022.

The project under development is in partnership with the Hawaiʻi Department of Transportation, HSEO, Maui County, Hawaiʻi County, and Kauaʻi County. County and DOT funding, combined with $4.16M of VW project funds, will result in up to 12 new electric buses and associated charging equipment.

The overall program will reduce emissions, improve air quality, and protect public health in targeted residential, rural, and school zones in Hawaiʻi that are more susceptible to criteria air pollutants. Diesel bus replacements would reduce diesel particulate matter and greenhouse gas emissions benefiting susceptible communities and improving Hawaiʻi's air quality.

HSEO and DOT signed a Memorandum of Agreement on June 30, 2022. The counties issued a joint RFP in December 2022. Gillig was selected as the e-bus provider. Four of the twelve Gillig buses will be funded through the VW Settlement. The counties are currently working on securing EV charging and staff training, and have applied for Categorical Exclusion (CATEX) with FTA for charger installations. HDOT will provide monthly data for one year on the e-buses utilization and performance including mileage, passenger trips, number of routes, length of routes, energy consumption, and other relevant information for HSEO to assess the performance of the e-buses as it relates to the State's decarbonization goals per HRS 225P.

The funding structure for the Hawaiʻi Zero Emission Bus Pilot reflects a multi-agency cost-share approach to deploying battery electric buses and associated charging infrastructure statewide. Table 5 summarizes the approved Project 4 budget, including Volkswagen Mitigation Trust funds and non-Trust cost-share contributions supporting VW-eligible buses and program administration.

During July-December 2025 reporting period, the battery electric buses were delivered to Maui, Hawaiʻi, and Kauaʻi Counties. The diesel buses from Hawaiʻi and Maui Counties have been scrapped.

For this reporting period, HSEO received complete scrappage documentation for all the buses - three buses in Hawaiʻi County and one bus in Maui County. Reimbursement requests are anticipated to be submitted to HSEO during the next reporting period.

Table 5 Budget Summary – Hawaiʻi Zero Emission Bus Pilot (HZEB). This table summarizes the approved budget for Project 4, including Volkswagen Mitigation Trust funds allocated to the purchase of eligible battery electric buses and associated administrative costs, as well as cost-share contributions provided by participating counties and state partners. Amounts shown reflect total approved project costs and VW Mitigation Trust funding commitments to date. Cost-share amounts include only contributions associated with VW-eligible buses and do not include county-funded buses that are outside the scope of Volkswagen Mitigation Trust funding.

Budget Category	Total VW Trust Funds Expended to Date	Total Approved Budget	Share of Total Budget to be Funded by the VW Trust	Share of Total Budget to be covered by cost-share
Equipment Expenditure	--	$16,933,628	$3,532,813	$13,400,815
Administrative costs	$56,630.56	$623,438	$623,438	--
Project Totals	$56,630.56	$17,557,065	$4,156,250	$13,400,815*

* The D4 for this project listed the cost share as $14,027,065 because the counties will be paying for buses that VW will not be contributing to. For simplicity, we have listed only their contributions towards VW-eligible buses.