

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: 6/30/2026	
Total Settlement Funds through Reporting Period	\$135,198,990.83
<i>Original Settlement Funds</i>	<i>\$112,745,650.15</i>
<i>Earned Interest through Reporting Period</i>	<i>\$22,453,340.68</i>
Total Settlement Funds Budgeted through Reporting Period	\$118,706,925.93
Total Settlement Funds Received through Reporting Period	\$32,568,875.78

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>	\$12,842,672.75	\$11,939,214.17	\$11,834,000.00	\$10,974,625.00	\$1,008,672.75	\$964,589.17
Repower Jumbo Mark II Diesel Ferry with Battery Electric Power (diesel-electric hybrid) <i>EMA4-Ferries-C1</i>	\$35,000,000.00	\$2,905,607.47	\$35,000,000.00	\$2,905,607.47	\$ 0	\$ 0
Purchase and Install Workplace LD ZEV SE at Government Owned Property <i>EMA9-Workplace-C1</i>	\$386,190.53	\$386,190.53	\$335,817.85	\$335,817.85	\$50,372.68	\$50,372.68
Scrap & replace pre-2007 diesel school buses with all-electric school buses <i>EMA2-School Bus-C1</i>	\$11,647,896.17	\$11,647,896.17	\$11,018,678.48	\$11,018,678.48	\$629,217.69	\$629,217.69
Purchase and Install Electric Vehicle Charging Infrastructure along High-Traffic Transportation Corridors in WA <i>EMA9-Corridor-C1</i>	\$4,500,000.00	\$2,885,050.34	\$4,050,000.00	\$2,626,619.18	\$450,000.00	\$258,431.16
Shore Power for Ocean Going Vessels <i>EMA5-Shore Power-C1</i>	\$4,000,000.00	\$2,261,572.26	\$3,600,000.00	\$2,027,196.61	\$400,000.00	\$234,375.65

Washington DERA 2022: Scrap and Replace 2009 and older diesel fire apparatus with electric fire apparatus <i>EMA10-FireEngine-C2</i>	\$765,166.48	\$31,365.33	\$683,184.36	\$ 0	\$81,982.12	\$31,365.33
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	\$124,833.88	\$4,847,000.00	\$ 0	\$653,000.00	\$124,833.88
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	\$124,833.88	\$ 4,847,000.00	\$ 0	\$ 653,000.00	\$124,833.88
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>	\$12,000,000.00	\$90,805.65	\$10,500,000.00	\$ 0	\$1,500,000.00	\$90,805.65
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	\$79,335.46	\$3,085,000.00	\$ 0	\$415,000.00	\$79,335.46
Purchase and Install Level 2 charging infrastructure for Electric Vehicles around WA <i>EMA9-Level 2-C2</i>	\$8,625,000.00	\$92,170.64	\$7,500,000.00	\$ 0	\$1,125,000.00	\$92,170.64
Scrap and Replace Diesel class 8 Local Freight Vehicles with Zero Emissions Vehicles	\$9,100,000.00	\$0	\$8,000,000.00	\$0	\$1,100,000.00	\$0
Scrap and Replace Diesel class 4-7 Local Freight Vehicles with Zero Emissions Vehicles	\$5,340,000.00	\$0	\$4,700,000.00	\$0	\$640,000.00	\$0
Total	\$ 118,706,925.93	\$32,568,875.78	\$110,000,680.69	\$29,888,544.59	\$8,706,245.24	\$2,680,331.19

Project Narrative

Active Projects

EMA Project ID: EMA9-Corridor-C1	
Expected Termination Date	6/30/2030
Project Status	Ecology has grants in place with 14 grantees for approximately \$3.3 million to purchase and install 44 DCFC stations along high-traffic transportation corridors in Washington. Thirteen projects are complete and in their five-year reporting period. One project is expected to be complete Summer 2027.
Summary of Costs Expended	Ecology accrued administrative costs of approximately \$8 thousand and no project costs during this (January - June 2026) reporting period. Ecology anticipates requesting reimbursement for these costs in the second half of 2026.
Summary of Expenditures in the Next Reporting Period	Ecology anticipates accruing administrative costs of approximately \$8 thousand in the next (July - December 2026) reporting period.
Modifications to the Project Scope/Timeline	One agreement was extended to accommodate project delays. This project has the hardware installed and is finalizing a software fix, expected to be completed in summer 2027. A second project is finalizing required signage.

EMA Project ID: EMA5-Shore Power-C1	
Expected Termination Date	12/31/2024, 6/30/2028
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 is complete and agreement closed out. The Terminal 18 project anticipates expenditure of funds by Summer 2028.
Summary of Costs Expended	Ecology accrued administrative costs of approximately \$7 thousand and project costs of approximately \$77 thousand during this (January - June 2026) reporting period. Ecology anticipates requesting reimbursement for these costs in the second half of 2026.
Summary of Expenditures in the Next Reporting Period	Ecology anticipates accruing administrative costs of approximately \$7 thousand and no project costs in the next (January – June 2026) reporting period.
Modifications to the Project Scope/Timeline	Agreement for Terminal 18 was extended by a year.

EMA Project ID: EMA10-FireEngine-C2	
Expected Termination Date	9/30/2026
Project Status	Ecology has one grant agreement in place with a fire department in Washington utilizing approximately \$323 thousand in VW federal settlement funds to purchase one electric fire truck. This grant program is a partnership between Ecology's VW Federal Settlement Program and Ecology's Diesel Emissions Reduction Act

	(DERA) Program. The fire department has received their fire engine, and it has been put into service as of May 2025. Installation of permanent charging infrastructure is expected by end of 2026.
Summary of Costs Expended	Ecology accrued no administrative costs and no project costs during this (January-June 2026) reporting period.
Summary of Expenditures in the Next Reporting Period	Ecology anticipates accruing all remaining project costs in the next (July-December 2026) reporting period.
Modifications to the Project Scope/Timeline	One project has declined and is closed out, returning approximately \$360 thousand dollars. Ecology will update the D-4 to reflect this change once the remaining project is closed out.

EMA Project ID: EMA6-SweepersRefuse-C2	
Expected Termination Date	6/30/2027
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. This project is underway and expected to be completed in calendar year 2026.
Summary of Costs Expended	Ecology accrued administrative costs of approximately \$7 thousand and no project costs during this (January - June 2026) reporting period. Ecology anticipates requesting reimbursement for these costs in the second half of 2026.
Summary of Expenditures in the Next Reporting Period	Ecology anticipates accruing administrative costs of approximately \$54 thousand and \$1.5 million in project costs in the next (July-December 2026) reporting period.
Modifications to the Project Scope/Timeline	Timeline has been extended to 6/30/2027 due to project delays.

EMA Project ID: EMA1-SweepersRefuse-C2	
Expected Termination Date	6/30/2027
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 sweeper and replace them with zero emission vehicles. Grants include funds to purchase and install charging equipment for the new zero emission vehicles. On grantee received their vehicle and is closing. The other expects the delivery of the street sweeper by summer 2027.
Summary of Costs Expended	Ecology accrued administrative costs of approximately \$4 thousand and no project costs during this (January - June 2026) reporting period. Ecology anticipates requesting reimbursement for these costs in the second half of 2026.
Summary of Expenditures in the Next Reporting Period	Ecology anticipates accruing administrative costs of approximately \$4 thousand and no project costs in the next (July – December 2026) reporting period.

Modifications to the Project Scope/Timeline	Timeline extended to 6/30/2027 for one grant due to delays in battery component delivery.
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EMA Project ID: EMA3-Switchers-C2	
Expected Termination Date	6/30/2028
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. Due to high demand and related emissions reductions, this program has been expanded to include two new freight switcher replacements/repowers. Grant offers were made in this reporting period, and Ecology anticipates having grant agreements in place in the next (July-December 2026) reporting period.
Summary of Costs Expended	Ecology accrued administrative costs of approximately \$82 thousand and no project costs during this (January - June 2026) reporting period. Ecology anticipates requesting reimbursement for these costs in the second half of 2026.
Summary of Expenditures in the Next Reporting Period	Ecology anticipates accruing administrative costs of approximately \$82 thousand and no project costs in the next (July– December 2026) reporting period.
Modifications to the Project Scope/Timeline	Scope has been expanded to two more freight switchers, bringing the total to three. Timeline has been extended to 6/30/2028 to accommodate the new projects, as well as delays with the agreement already in place.

EMA Project ID: EMA8-PCHE-C2	
Expected Termination Date	6/30/2027
Project Status	Ecology has three grant agreements in place for approximately \$1.36 million to scrap and replace 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 closed their grant. The other two grantees expect delivery by Summer 2027.
Summary of Costs Expended	Ecology accrued administrative costs of approximately \$8 thousand and no project costs during this (January-June 2026) Reporting period. Ecology anticipates requesting reimbursement for these costs in the second half of 2026.
Summary of Expenditures in the Next Reporting Period	Ecology anticipates accruing administrative costs of approximately \$8 thousand and up to \$311 thousand in project costs in the next (July-December 2026) reporting period.
Modifications to the Project Scope/Timeline	Two grantees extended agreements due to delivery delays and equipment issues.

EMA Project ID: EMA9-Level 2-C2	
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Expected Termination Date	6/30/2027
Project Status	Ecology designed this grant with a phased approach offering three rounds of grant applications. Round 1: Ecology has grant agreements in place with 12 organizations to purchase and install Level 2 electric vehicle charging infrastructure. All grantees from Round 1 have completed their projects and will be reimbursed by July 2026. Round 2: Ecology has agreements in place with 20 organizations. Two grantees have declined awards this reporting period. Seven grantees have completed work, and the remaining 13 will be completed by June 2027. Round 3: Ecology is currently negotiating grant awards and anticipates having all grants in place in the next (July-December 2026) reporting period. Currently 55 agreements are in place, and 1 grantee has already completed their work. Seven agreements are still in negotiations.
Summary of Costs Expended	Ecology accrued administrative costs of approximately \$72 thousand and approximately \$235 thousand in project costs during this (January - June 2026) Reporting period. Ecology anticipates requesting reimbursement for these costs in the second half of 2026.
Summary of Expenditures in the Next Reporting Period	Ecology anticipates accruing administrative costs of approximately \$72 thousand and approximately \$550 thousand in project costs in the next (July-December 2026) reporting period.
Modifications to the Project Scope/Timeline	No changes to scope or timeline in this reporting period.

EMA Project ID: EMA1-ZeroEmissionsFreight-C2	
Expected Termination Date	6/30/2029
Project Status	Ecology offered grant awards to eight applicants in this reporting period. Two agreements for approximately \$1.75 million are in place, and Ecology is in negotiations with the remaining awardees. We anticipate having all grant agreements in place in the next (July-December 2026) reporting period. Awards include funds to purchase zero-emission vehicles and the charging equipment for the new vehicles.
Summary of Costs Expended	Ecology accrued administrative costs of approximately \$71 thousand and no project costs during this (January-June 2026) reporting period. Ecology anticipates requesting reimbursement for these costs in the second half of 2026.
Summary of Expenditures in the Next Reporting Period	Ecology anticipates accruing administrative costs of approximately \$71 thousand and no project costs in the next (July – December 2026) reporting period.
Modifications to the Project Scope/Timeline	None in this reporting period.

EMA Project ID: EMA6-ZeroEmissionsFreight-C2	
Expected Termination Date	6/30/2029
Project Status	Ecology offered grant awards to eight applicants in this reporting period. Three agreements for approximately \$1 million are in place, and Ecology is in negotiations with the remaining awardees. We anticipate having all grant agreements in place in the next (July-December 2026) reporting period. Awards include funds to purchase zero-emission vehicles and the charging equipment for the new vehicles.
Summary of Costs Expended	Ecology accrued administrative costs of approximately \$41 thousand and no project costs during this (January-June 2026) reporting period. Ecology anticipates requesting reimbursement for these costs in the second half of 2026.
Summary of Expenditures in the Next Reporting Period	Ecology anticipates accruing administrative costs of approximately \$41 thousand and no project costs in the next (July – December 2026) reporting period.
Modifications to the Project Scope/Timeline	None in this reporting period.

Completed Projects

EMA Project ID: EMA4-Ferries-C1	
Expected Termination Date	12/31/2025
Project Status	Ecology had one grant agreement in place for \$35 million to convert a diesel ferry to hybrid-electric.
Summary of Costs Expended	All costs have been expended.
Summary of Expenditures in the Next Reporting Period	This grant program is now complete; no further costs will be accrued.
Modifications to the Project Scope/Timeline	

EMA Project ID: EMA2-Transit-C1	
Expected Termination Date	6/30/2025
Project Status	Ecology had grant agreements in place with five transit authorities in Washington for about \$11.8 million to purchase 42 all-electric transit buses. The transit authorities have received all 42 electric buses awarded under this grant. All grants are closed out at this time.
Summary of Costs Expended	All costs have been expended.
Summary of Expenditures in the Next Reporting Period	This grant program is now complete; no further costs will be accrued.
Modifications to the Project Scope/Timeline	

EMA Project ID: EMA9-Workplace-C1	
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	All costs have been expended.
Summary of Expenditures in the Next Reporting Period	This grant program is now complete; no further costs will be accrued.
Modifications to the Project Scope/Timeline	

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	All costs have been expended.
Summary of Expenditures in the Next Reporting Period	This grant program is now complete; no further costs will be accrued.
Modifications to the Project Scope/Timeline	

This report must be signed by one of Washington’s “Authorized Senior Officials”, Director Sixkiller or Deputy Director Bartlett. Both Authorized Senior Officials do not need to sign. **Only one signature is required.**

The information in this report is true and correct. Submission is made under penalty of perjury.		7/29/2026
	_____	_____
	Casey D. Sixkiller, Director Washington State Department of Ecology	Date
	OR	
	_____	_____
	Heather R. Bartlett, Deputy Director Washington State Department of Ecology	Date