



Maryland
Department of
the Environment

Volkswagen Settlement



By
Justin Mabrey, MDE

Background

- From 2009 thru 2015 Volkswagen sold 2.0 and 3.0 liter diesel powered vehicles equipped with illegal “defeat devices”.
- Due to these defeat devices, these vehicles emitted ten to forty times above the NOx standard.
- As part of the settlement, VW is required to spend a total of \$2.7 billion on emission reduction strategies/programs in the U.S.



Maryland
Department of
the Environment

Background

- All States were eligible to receive settlement funds under this agreement.
- States are eligible to receive funds based on the number of illegal diesel vehicles that were sold in each state.
- Approximately 16,357 of the illegal 2.0 and 3.0 liter diesel vehicles were sold in Maryland.
- Based on this number, Maryland is eligible to receive \$75.7 Million.
- States have up to ten years to spend funds.



Maryland
Department of
the Environment

Background

- As part of the settlement with Volkswagen, a Trust Fund was developed to fund projects to reduce NOx emissions from the transportation sector.
- The Federal Government, California, and VW shall select a Trustee to manage and award funds for projects submitted under this Agreement.
- States shall select a Beneficiary Lead Agency that will develop a workplan outlining how the State will spend its funds and submit projects to the Trustee.



Maryland
Department of
the Environment

Timeline

- Trust Effective Date (TED): Trust Finalized between the court and Trustee. Date is TBD, possibly toward the end of summer.
- Within 60 days of TED, Maryland must submit certification form to become a Beneficiary and name a Lead Agency.
- Within 120 days of TED, Trustee must file list of designated Beneficiaries.
- Once designated, the Beneficiary has 90 days to submit a Trust Mitigation WorkPlan outlining the use of Funds.



Eligible Projects

- Only projects outlined in the consent decree (Appendix D-2) are eligible for funding under this Mitigation Plan.
 - Most vehicles can be repowered with any new diesel or alternate fuel engine or all-electric engine, or replaced with any new diesel or alternate fuel or all-electric vehicle.
 - All vehicles replaced under the Mitigation Plan must be scrapped.



Eligible Projects

- Class 8 Local Freight and Port Drayage Trucks
 - Replaced or Repowered
- Class 4-8 School Bus, Shuttle Bus or Transit Bus
 - Replaced or Repowered
- Freight Switchers
 - Replaced or Repowered
- Ferries/Tugs
 - Repowered
- Ocean Going Vessel Shorepower
- Class 4-7 Local Freight Trucks
 - Replaced or Repowered
- Airport Ground Support Equipment
 - Replaced or Repowered with All-Electric
- Forklifts and Port Cargo Handling Equipment
 - Replaced or Repowered with All-Electric
- Light Duty Zero Emission Vehicle Supply Equipment
- DERA option



Funding

- Up to 15% of total state funds can be spent on light duty electric vehicle infrastructure.
- For all Government owned eligible projects, VW can cover up to 100% of the funding.
- For non-government owned equipment a match will be required. This match will vary from 25 to 75% based on the project.



Status of Maryland's Plan

- MDE is working with other state agencies to identify potential projects eligible for funding.
- MDE will also work with other eligible entities (local governments, private business, communities etc...) to develop potential projects.
- MDE will open a comment period for anyone to submit comments on the Draft Mitigation Plan before the Plan is submitted to the Trustee.
- The Plan must be resubmitted to the Trustee to reflect any changes to selected projects or to the goals of the Plan.
 - Any changes to the Plan will be made public and open to comments.



Volkswagen's Electric Vehicle Investment

- As part of the settlement, Volkswagen must invest \$2 Billion in Electric Vehicle Infrastructure and Brand Neutral Outreach (Appendix C).
 - Funding for installation, operation and maintenance of ZEV infrastructure
 - Educational and outreach efforts that are “brand-neutral”
 - Programs to increase public exposure to ZEVs (e.g. ZEV car sharing, ZEV ride hailing)
- \$800 Million will be allocated to California with \$1.2 Billion being spent in the other states over the next ten years.
- States have no authority over where and how funding is spent.
- VW has stated that funding will be directed to EV corridors.



Contacts

Justin Mabrey – justin.mabrey@maryland.gov
410-537-4165

Tim Shepherd – tim.shepherd@maryland.gov
410-537-3236



Maryland
Department of
the Environment