



**Maryland**  
Department of  
the Environment

# Volkswagen Settlement



# Background

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- From 2009 thru 2015 Volkswagen sold 2.0 and 3.0 liter diesel powered vehicles equipped with illegal “defeat devices”.
- Defeat Devices caused increased NOx emissions which impact air quality and the Chesapeake Bay.
- VW is required to spend a total of \$2.7 billion on emission reduction strategies/programs in the U.S.
- Reduction Strategies are specific and targeted to ensure NOx reductions



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# Background

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- All States are eligible to receive settlement funds.
- State funds are based on the number of illegal diesel vehicles that were sold in the 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.



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- A Trust Fund was established to fund projects that reduce NO<sub>x</sub> emissions from the transportation sector.
- Wilmington Trust was selected as the fund's Trustee.
- MDE has been designated as the lead agency for interaction with the Trustee and developing a project workplan.



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# Timeline

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- October 2, 2017, Trust Finalized between the court and Trustee (Wilmington Trust).
- January 29, 2018, Maryland was named as Beneficiary and the Maryland Department of the Environment is named Lead Agency.
- On August 2, 2018 Maryland released the draft Workplan for a 30 day public comment period. All comments were due by August 31, 2018. MDE received approximately 327 comments.
- Also on August 2, 2018, Maryland began accepting project proposals. All project proposals must be submitted by March 1, 2019.
- MDE working with MEA and MDOT to incorporate changes based on comments received. Once Maryland finalizes Draft Workplan, it can submit to Trustee for final approval. Once received, Trustee has up to 30 days to approve.



# NOx Emissions

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- Approximately 16,357 of the illegal 2.0 and 3.0 liter diesel vehicles were sold in Maryland.
- Due to these defeat devices, these vehicles emitted ten to forty times above the NOx standard.
- MDE estimates that these vehicles emitted between 575 and 1,730 total tons of excess NOx.
- The Goal of this Plan will be to strive to ensure that the emission reductions achieved through this Mitigation Plan will be equal to or greater than the amount emitted by these vehicles over the course of the last eight years



# Eligible Projects

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- Only projects outlined in the consent decree (Appendix D) 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

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- 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 to 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



# Diesel Emission Reduction Act (DERA) Option

- VW Appendix D-2 allows projects eligible under DERA to also receive funding
- In some cases under the DERA option, more vehicles are eligible for funding
  - DERA allows all marine vessels not just ferries and tugs
  - DERA allows all Class 5 thru 8 Trucks not just Drayage and Freight
  - In general DERA does require a greater or equal cost share
- For more information please go to:  
[www.epa.gov/cleandiesel/volkswagen-vw-settlement-dera-option](http://www.epa.gov/cleandiesel/volkswagen-vw-settlement-dera-option)



# Funding

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- 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 is required. This match varies from 25 to 75% based on the project.



# Electric Vehicle Infrastructure

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- Maryland proposes using the full 15% (\$11.2 million) to fund light duty EV infrastructure.
- Includes Level 1, 2, and 3 chargers
- Propose putting together an Infrastructure Workgroup to help develop a statewide plan
- Support existing infrastructure
- Focus on workplace charging, corridor charging, other categories (Multi Unit Dwellings, Charging Hubs, etc..)



## Private Sector and Federal Government (\$28.5 million)

- Dray Trucks (\$2 million)
  - Implemented through existing successful Program
  - Provides up to \$35,000 to cover purchase of a 2010 or newer truck
- Idle Reduction Program (\$500,000)
  - Provides up to 40% of the funds to offset the purchase of idle reduction technologies for trucks
  - Based on previous Maryland program
- Freedom Fleet Voucher (\$5 million)
  - Modeled after existing Program
  - Provides funds for replacing diesel vehicles with alternative fueled vehicles (propane, electric, CNG)
- Other Eligible Projects (\$21 million)
  - Applies to all projects covered in Appendix D-2



# Local Governments, Communities and Environment Justice (\$12 million)

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- Transit Bus Replacement (\$4 million)
  - Provides funds to replace existing transit buses with electric transit buses
  - Funding covers required infrastructure
- School Bus Replacement (\$4 million)
  - Provides funds to cover the incremental cost of replacing a diesel school bus with an alternative fueled school bus (electric, propane, CNG)
  - Replacement School Buses should meet option low NOx standard
  - Funds can cover electric vehicle infrastructure costs
  - Also open to private contractors for county fleets
- Other Eligible Projects (\$4 million)
  - Applies to all projects covered in Appendix D-2



## State Agency Projects (\$22.8 million)

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- Maryland Transit Agency (\$3.4 million)
  - Replace four Rail and Hi-Rail Dump Trucks with Clean Diesel Trucks (\$1.1 million)
  - Replace four 40 foot Transit Buses with four Clean Diesel Transit Buses (\$2.3 million)
- Maryland Port Administration (\$3.4 million)
  - Replace 22 diesel powered vehicles with diesel or electric vehicles
  - Vehicles include tugs, ferries, cargo handling equipment, forklifts, and tractors
- Maryland Aviation Administration (\$12.4 million)
  - Replace ten 40 foot diesel transit buses with five 40 foot and five 60 foot electric transit buses
  - Covers cost of charging infrastructure (plug-in and inductive charging)
- State Highway Administration (\$3.5 million)
  - Replace 29 Dump Trucks with 29 Clean Diesel Dump Trucks



# Project Proposals

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- All Project Proposals must use Proposal Template
  - Contact Information
  - Project Eligibility Category
  - Budget
  - Description
  - Emission Reductions (using EPA DEQ model) **note: not needed for EV Infrastructure**
  - Timeframe
- Evaluation Criteria
  - Estimated NOx reductions and cost effectiveness (up to 50 points)
  - Reductions in other pollutants (PM 2.5, CO2) (up to 10 points)
  - Project Sustainability (up to 10 points)
  - Benefits to underserved communities (up to 10 points)
  - Cost Share (up to 10 points)
  - Advanced technologies (up to 10 points)



# Contacts

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[www.mde.maryland.gov/programs/Air/MobileSources/Pages/MarylandVolkswagenMitigationPlan](http://www.mde.maryland.gov/programs/Air/MobileSources/Pages/MarylandVolkswagenMitigationPlan).



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