



Indiana Department of Environmental Management

Protecting Hoosiers and Our Environment Since 1986



Indiana Volkswagen Mitigation Trust Program

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Indiana Volkswagen Mitigation Trust Program Overview

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Volkswagen Mitigation Trust Background

- Volkswagen was found to have developed 2.0 and 3.0 liter diesel vehicles in 2009 through 2016 with computer algorithms that caused the emissions control systems of those vehicles to perform differently during normal vehicle operation than during emissions testing.
- These algorithms, often referred to as the “defeat device,” resulted in excess NO_x emissions beyond the U.S. EPA certified limits.



Volkswagen Mitigation Trust Settlement

- Volkswagen will spend \$14.7 billion to buy back and/or modify affected vehicles and support state and national projects to reduce NOx emissions.
- \$10 billion will be used for consumer buy back and affected vehicle modifications.
- \$2 billion will be used in Zero Emission Vehicle (ZEV) Investment administered by Volkswagen.
 - ZEV refers to battery electric vehicles, plug-in hybrid electric vehicles, and fuel cell vehicles.
- \$2.7 billion will be used by states for an Environmental Mitigation Trust.



Indiana Volkswagen Mitigation Trust Program Financials

- Funds from the Environmental Mitigation Trust are allocated based on the number of affected Volkswagen diesel vehicles in each state.
- Indiana's portion of the \$2.7 billion for the Environmental Mitigation Trust Program is nearly \$41 million.
- These funds can be used for eligible NOx emissions reducing projects (see later slide) for no less than 3 years and no more than 10 years.



Indiana Volkswagen Mitigation Trust Program Estimated Timeline

Milestone	Estimated Completion
Court approves the partial settlement	October 25, 2016
Trust takes effect and VW deposits funds into trust	October 2, 2017
Governor Holcomb designates IDEM as beneficiary through Executive Order	October 4, 2017
States elect to become beneficiaries of the trust	Fall/Winter 2017
States are notified of beneficiary designation	Winter 2018
States file a Beneficiary Mitigation Plan (BMP) describing broadly how funds will be distributed	Winter/Spring 2018
States may request funds	Summer 2018 (30 days after BMP approved)
Indiana Volkswagen Mitigation Trust Program releases Solicitation for Projects for first round of funding	Summer/Fall 2018



Indiana Volkswagen Mitigation Trust Program Website

On October 4, 2017, IDEM's Office of Air Quality posted the Indiana Volkswagen Mitigation Trust Program information and request for comments on the Beneficiary Mitigation Plan (BMP) online. The website will be the ongoing source of information as well as the portal to accept comments moving forward. It provides:

- The opportunity to sign up for automated email updates when changes or additions take place on the site.
- Background information on the Volkswagen settlement, consent decree, and the mitigation trust.
- Clear information on eligible project types as specified in the final trust filed with the U.S. Court.
- Several important links to help guide thoughtful comments on the BMP as well as historical documents.



Eligible Mitigation Projects

According to the Consent Decree and Mitigation Trust, eligible projects are:

- Class 8 local freight trucks and port drayage trucks.
- Class 4-8 school/shuttle/transit buses.
- Freight switcher locomotives.
- Ferris/tugboats.
- Ocean and lake going vessels shorepower.
- Class 4-7 local trucks.
- Airport ground support equipment.
- Forklifts and cargo handling equipment at ports.
- Light duty zero electric vehicle supply equipment (up to 15% of allocation).
- Diesel Emission Reduction Act (DERA) option.
 - Option to use trust funds for actions not specifically listed but otherwise eligible under DERA.
 - Projects funded under the DERA option will be required to meet the DERA cost share requirements.

Note: Public and private entities are both eligible, with funding percentages dependent upon type of emission reduction strategy.



What Beneficiary Mitigation Plans Must Include

According to the Consent Decree and Mitigation Trust, the plan must:

- Explain the beneficiary's overall goal for the use of the trust funds.
- Describe the NOx reductions the beneficiary expects its plan to achieve.
- List the categories of projects the beneficiary intends to implement.
- Explain how the beneficiary will consider benefits to air quality in communities with a disproportionate air pollution burden and explain how it will seek and consider public input.
- Make other statements to allow the public and the trustee to better understand the goals of the plan.



Beneficiary Mitigation Plan Open for Comments

The Indiana Volkswagen Mitigation Trust Program website is the portal for official comments on Indiana's Volkswagen Beneficiary Mitigation Plan. The comment period is currently open. IDEM is seeking input on:

- Emission reduction project types
 - Various size diesel vehicles
 - Switcher locomotives
 - Marine applications
 - Airport ground support equipment
 - Port cargo handling equipment
- State Diesel Emission Reduction Act (DERA)
 - Provides funding for project types not specifically included in the U.S. Court filed mitigation trust
 - Can be used for “matching” funds for DERA program administered by IDEM and must meet DERA match requirements for various project types



Beneficiary Mitigation Plan Open for Comments (cont.)

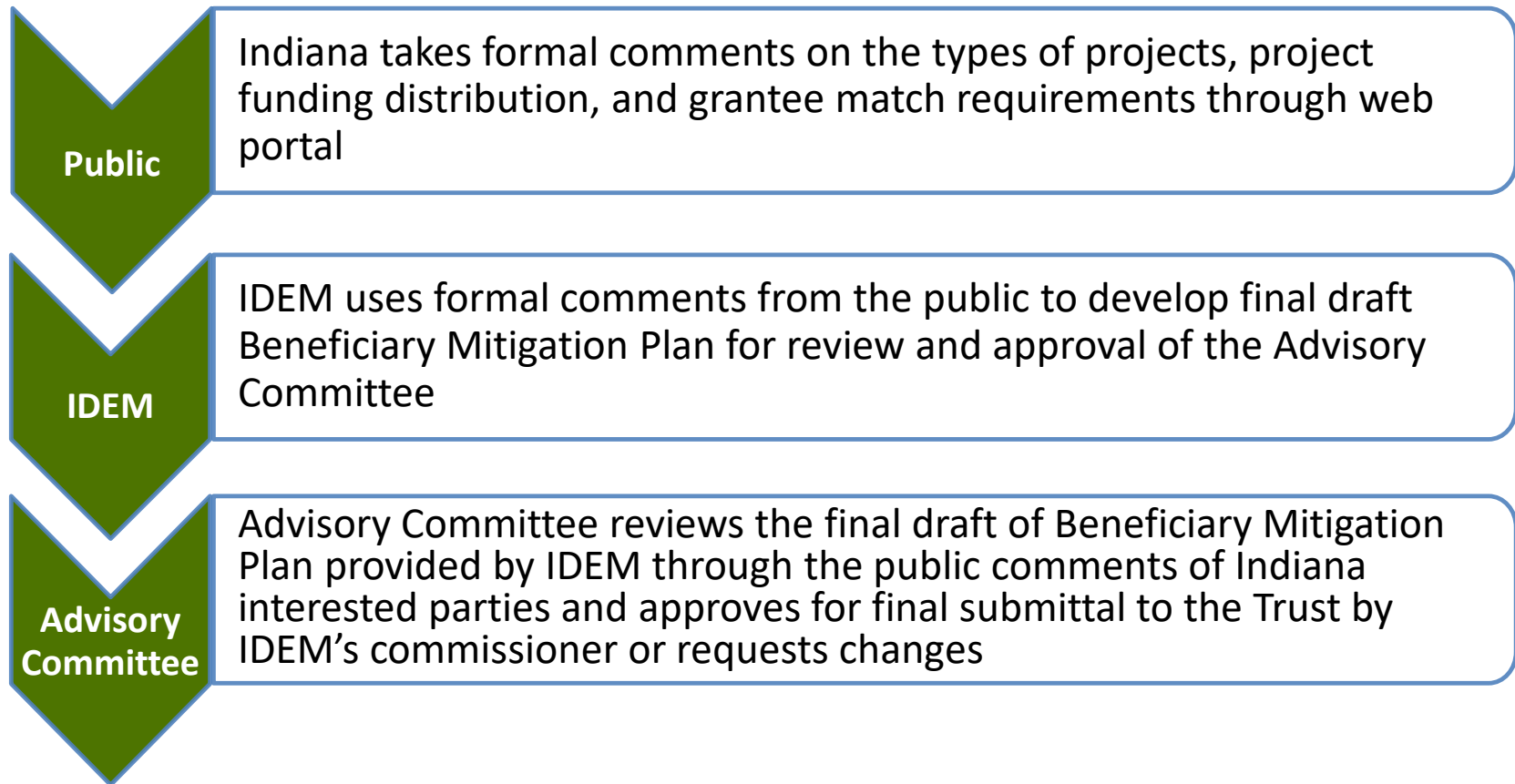
IDEM is also seeking input on:

- Light-duty zero emissions infrastructure
 - Up to 15% of Indiana's BMP funds can be used for infrastructure for electric vehicles including battery electric powered, plug-in hybrid electric powered, and fuel cell powered
- Administrative costs
 - The trust provides for up to 15% in administrative costs to support the program, including items such as personnel, education and outreach, marketing, etc.

Overall, IDEM is seeking input on project type preferences as well as grantee match percentages to balance project cost efficiency of individual projects with ability to spread funds as far as possible.

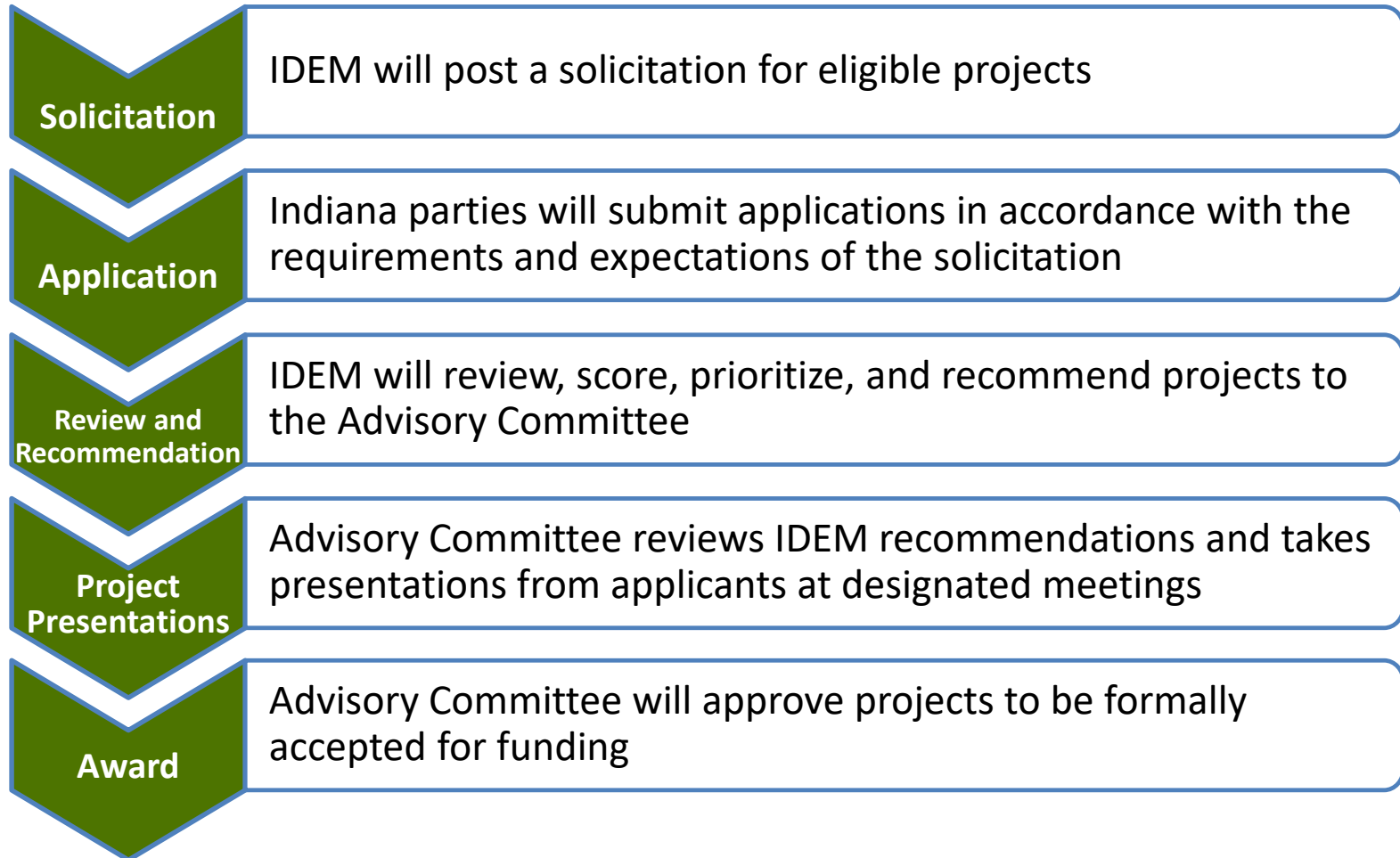


Beneficiary Mitigation Plan Development Process





Project Application, Prioritization and Selection Process





For More Information



Indiana Volkswagen Mitigation Trust Program website:

www.idem.IN.gov/airquality/2712.htm

Submit Beneficiary Mitigation Plan comments to:

VWTrust@idem.IN.gov

For program assistance:

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