

VW Diesel Settlement Oregon's Initial Environmental Mitigation Plan

Oregon Proposes an Initial Mitigation Fund Plan

Background

From 2009 through 2015, Volkswagen sold diesel passenger cars in the United States with emission control defeat devices that violated federal motor vehicle emission standards. Volkswagen has agreed to a settlement of claims brought by the U.S. Department of Justice, the Environmental Protection Agency, the Federal Trade Commission, the California Air Resources Board and class action attorneys acting on behalf of owners of subject vehicles. The emission control defeat devices used by VW allowed up to 40 percent higher nitrogen oxide emissions during normal driving

Environmental Mitigation Fund

One part of the settlement requires Volkswagen to pay \$2.9 billion to a trust fund to be distributed to states, tribes, the District of Columbia and Puerto Rico. The initial allocation to the state of Oregon — based on registration share of VW diesels by state — is approximately \$72.9 million. The funds are to be used over a ten year period to support a defined list of projects intended to offset (i.e. mitigate) the excess air pollution created by VW's cars.

The Environmental Mitigation Fund is overseen by a court appointed trustee. Eligible mitigation projects to reduce diesel pollution include:

- Scrap and replace old diesel vehicles or engines in medium and heavy-duty trucks, transit buses, school buses and switcher locomotives;
- Scrap and replace old diesel engines in tugboats/ferries, airport ground support equipment and cargo handling equipment;
- Provide shore power for ocean-going vessels while at dock;
- Provide publicly available light duty vehicle electric charging or hydrogen fueling infrastructure.

States can also decide to use funds (the DERA Option) for a more expansive list of diesel emission reduction projects allowable under EPA grant guidelines including exhaust retrofitting, nonroad vehicle replacement and truck stop electrification.

The state of Oregon has submitted a request to be certified as a Beneficiary of the VW Trust. The announcement of formal acceptance as a Beneficiary is expected on January 30, 2018. Each Beneficiary is required to submit a broad outline for a mitigation plan no later than 30 days before submitting the first request for payment of Trust Funds.

Oregon's Initial Mitigation Fund Plan

DEQ is proposing to implement initial actions authorized by SB 1008 (2017) to reduce emission from diesel powered school buses through either vehicle replacement or exhaust control retrofitting. Other eligible mitigation actions, and revisions to the mitigation plan, will be made as additional legislative direction is received.

Project Selection

DEQ proposes to reserve approximately \$18 million to upgrade 450 older diesel school buses as one step to meet the goal of reducing risk to vulnerable populations, specifically children.

The effort will begin with identification of school districts owning diesel school buses within the median model year of the Oregon fleet. School districts will have the choice to replace or retrofit buses. Replacement costs can be reimbursed up to \$50,000 or 30 percent, whichever is less. Retrofit costs can be covered up to 100 percent of costs to purchase and install.

The proposed mitigation plan is available for review at

<http://www.oregon.gov/deq/eq/programs/Pages/VW-Diesel-Settlement.aspx>.

For more information please contact:

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Alternative formats

Documents can be provided upon request in an alternate format for individuals with disabilities or in a language other than English for people with limited English skills. To request a document in another format or language, call DEQ in Portland at 503-229-5696, or toll-free in Oregon at 1-800-452-4011, ext. 5696; or email deqinfo@deq.state.or.us.



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