

Oklahoma VW Settlement

States are set to receive allocations from a national \$2.7 billion settlement reached between Volkswagen, et al., and the United States Environmental Protection Agency (U.S. EPA). Funding can be used to support projects within the states to reduce nitrogen oxide (NO_x) emissions from the transportation sector. A national trust has been established to manage the settlement funds. The goal of the trust is to reduce NO_x emissions from the transportation sector. Oklahoma has an opportunity to utilize the funds for forward-thinking projects to transform markets, drive economic development, and achieve significant environmental gains.

Background

In January of 2016, the United States filed a claim on behalf of the US EPA in the United States District Court for the District of Northern California alleging Volkswagen, et al., sold approximately 590,000 vehicles equipped with defeat devices in the form of computer software designed to cheat on federal emissions tests. The major excess pollutant at issue in this case is NO_x which is a serious health concern. In October of 2016, the Court approved a settlement with respect to 2.0 liter diesel engines (the “2.0 liter partial settlement”), and in December 2016 the Court approved a settlement with respect to 3.0 liter diesel engines (the “3.0 liter partial settlement”).

The 2.0 and 3.0 liter partial settlements require Volkswagen to fund a \$2.7 billion and \$225 million mitigation trust fund, respectively. States are allocated a portion based on their number of affected vehicles. The mitigation trust funds will pay for defined eligible projects that reduce NO_x (eligible mitigation actions). NO_x pollution contributes to the formation of harmful smog and soot, exposure to which is linked to respiratory- and cardiovascular-related health effects as well as premature death.

Important Dates

October 25, 2016 – Settlement Effective Date

October 2, 2017 – Trust Effective Date (TED)

TED + 60 days – OK Certification Filing Deadline

December 5, 2017 – State of Oklahoma Public Meeting

January 30, 2018 – Trustee issues Notice of Beneficiary Designation

Spring 2018 – Draft OK Beneficiary Mitigation Plan (BMP) released for 30 day public comment

30 days before Initial Funding Request – OK BMP Deadline

Eligible Mitigation Actions

Settlement funds are eligible to be used in any of ten different Mitigation Actions to reduce NO_x emissions from mobile sources. Eligible Actions Include:

- Class 8 Local Freight Trucks and Port Drayage;
- Class 4-8 School, Shuttle, or Transit Bus;
- Freight Switchers;
- Ferries & Tugs;
- Ocean Going Vessels Shorepower;
- Class 4-7 Local Freight Trucks;
- Airport Ground Support Equipment;
- Forklifts & Port Cargo Handling;
- Light Duty Zero Emission Vehicle Supply Equipment (charging stations) NOTE: CNG Infrastructure is NOT eligible; and
- Diesel Emission Reduction Act (DERA) actions.

State Plan for Trust Funds

The Oklahoma Department of Environmental Quality (DEQ) has been designated as lead agency with oversight from the Oklahoma Secretary of Energy and Environment (SOEE). DEQ must prepare and implement a Beneficiary Mitigation Plan (BMP) which will describe the State’s intentions for utilizing the funds. A public meeting will be held so that interested persons can provide input towards the BMP. This meeting will serve as a listening session; DEQ staff will refer to received comments as a resource in the development of the BMP but will not be responding to questions or comments at this meeting. A draft BMP will then be made available for public comment. After the BMP is finalized, proposals for projects will be accepted for consideration. For updates, please visit www.deq.state.ok.us/aqdnew/vwsettlement.



Oklahoma Initial VW Funding Allocations

2.0 L Settlement - \$19,086,528

3.0 L Settlement – \$1,835,957

TOTAL - \$20,922,485

