



# SIERRA CLUB

## FAQ : VW Settlement

**Q: How much will my state be receiving in allocated funds?**

A: New Jersey may claim \$65M to support programs and actions to reduce Nitrous Oxide emissions. These funds are allocated from the Environmental Mitigation Trust (EMT) portion of the VW Settlement.

**Q: How were state allocation amounts determined?**

A: The amount each state will receive is based on the number of registered VW vehicles with the cheat devices within that state. States with more of these cars will receive larger funds.

**Q: Who can qualify as a beneficiary of the Environmental Mitigation Trust (EMT)?**

A: Potential beneficiaries include all 50 states, the District of Columbia, Puerto Rico and federally recognized tribal nations.

**Q: Who will be the state lead for dispersing funds?**

A: This will vary for each state. The Governor for each state will designate the agency who will receive and then disburse the funds: the settlement agreement refers to this agency as the state “beneficiary.” It could be the Department of Environmental Protection, Department of Transportation, Department of Air Quality, etc.

**Q: When is the EMT likely to become effective?**

A: The trust will become effective sometime in the first half of 2017. After the Court approves the settlement (expected 10/25/16), a trustee must be appointed by the Court within 60–90 days. Then, the trust agreement must be finalized, executed by VW and the trustee, and filed with the Court.

**Q: Can the EMT fund a program to reduce Vehicle Miles Traveled (VMT)?**

A: Although reducing VMT is a great way to reduce transportation related emissions, it does not qualify for VW Settlement EMT funds. The EMT explicitly outlines the eligible costs, and subway trains, transit oriented development, biking programs, etc. are not included.

**Q: Can the EMT fund a rebate program for new EV purchases or leases?**

A: No, a state rebate program is not an eligible cost outlined in the settlement agreement.

**Q: Are universities that own their own transit fleets eligible?**

A: Yes. Public schools can have up to 100% of the cost be covered under the EMT. Private, non-government schools can have up to 75% of the cost be covered.

**Q: Is Sierra Club advocating specific uses of the EMT funds over other uses?**

A: Some of the funds are able to be used to promote diesel and natural gas, which Sierra Club opposes. Sierra Club strongly recommends that these funds are used to advance low and zero emission technology and programs. How each state advances clean transportation will vary according to the unique needs of each state. For instance, states with dirty ports may want to consider electrifying their ports. Land-locked states may want to consider installing charging stations along their highways every 50-75 miles to reduce range anxiety, and states with dense urban areas and environmental justice interests may want to consider replacing diesel transit buses with clean electric or hydrogen fuel cell buses. However, we strongly encourage your state to use 15% of the funds (the maximum allowed) to build out high speed charging networks on highways if your state is not already building such a network.

**Q: How long do state beneficiaries have to access and spend allocated trust funds?**

A: States have a very short time to submit their plans -- specifically, 60 days after receiving Beneficiary status. Once those plans are approved, the beneficiaries have 10 years to spend the allocated trust funds.

**Q: Who pays for the energy used by the charging stations?**

A: This will vary. Some charging stations will have the consumer pay for them. If the charging stations are at a business, it will be the business or the business entity that hosts the space (e.g. at a mall, it would be the corporation that hosts the mall). If there are charging stations on a government property, it may be that government agency that pays for the energy used.

**Q: Can the electricity grid support a major increase in EVs plugged into it?**

A: Yes, there is a lot of excess capacity on the grid. A recent study shows that if as much as 75% of all current light-duty vehicles switched to EVs, our current grid could handle that additional electricity use if we managed it properly (incentivize off-peak charging, etc). We don't have any immediate worries about maxing out the grid.

**Q: What happens to the funds if a state doesn't use them?**

A: Unused trust funds will be redistributed as supplemental funding among states that have used at least 80% of their allocated trust funds. Such states will be given five more years to use the supplemental funding.

**Q: What is the DERA Program and how can states utilize it?**

A: The Diesel Emissions Reductions Act (DERA) is an EPA program already in place that aligns well with the VW settlement. Under DERA, if the EPA approves funding for a state project *and* the state matches that funding amount, the EPA will add an additional 50% to the project's fund. For example, if the EPA puts out \$100 million for a state to replace diesel school buses with electric school buses and the state matches with \$100 million, the EPA will put out *another* \$50 million toward funding that project. To learn more about DERA grants, the application process and 2017 deadlines, visit <https://www.epa.gov/cleandiesel>.

**Q: Why isn't the ZEV Investment Commitment also important?**

A: It is, but that effort is spearheaded more directly by Volkswagen, so advocates and government will have less of a role in determining the use of the funds. For more info on this, visit [www.VWCourtSettlement.com](http://www.VWCourtSettlement.com)