

## **Ways That Our State Can Multiply The VW Funds**

There are three ways that our state could potentially use the VW funds to leverage additional funding for electrification of the transportation sector. These include: 1) using funds from the Diesel Emission Reduction Act (“DERA”); 2) leveraging utility funds; and 3) engaging in public-private partnerships.

### **1. DERA Funding**

Our state can more than double its program funding by combining the VW Settlement with the Federal Diesel Emissions Reductions Act (“DERA”) Program. To achieve this, VW Settlement funds may be used for the DERA Program’s voluntary non-federal matching option. To be more precise, if our state decides to apply and is granted funds through DERA from the EPA, it may elect to match those EPA funds with its own contribution (which can now come from your state’s VW Settlement funds), and consequently, the EPA will increase their DERA Program funding by an additional 50%. For example, suppose our state submits a marine shore power program proposal and receives \$200,000 through DERA. If your state matches this amount with \$200,000 from VW Settlement funds, the EPA will add a bonus \$100,000 to the total program funding. Consequently, our state receives a total of \$500,000 for its shore power proposal, as compared to the initial \$200,000. Our state may also overmatch, but the EPA bonus funding will remain the same.

The goal of eligible DERA programs is to reduce vehicle or vessel NOx emissions, so many of the eligible programs are comparable to those outlined in the VW Settlement. There are some additional programs, however, included in DERA but not included in the Settlement. These include repowering non-road engines (e.g. agricultural irrigation pump engines, bull dozer engines), building up Truck Stop Electrification (or “Electrified Parking Spaces”), and programming for increased Idle Reduction Technology.

If our state would like to participate in this DERA option, it may use its Final Approved DERA Workplan as its required Beneficiary Mitigation Plan for the VW Settlement. Additionally, our state may receive limited and appropriate guidance from an EPA Regional office to help implement its approved program, and these fees are an eligible administrative cost under the DERA option.

### **2. Utility Funding**

In several states, recent legislation requires electric utilities to develop investments in electric vehicle charging infrastructure, including California, Oregon and Utah. These projects will be funded by the body of electricity customers. In others, utility regulators have approved or invited utility projects to develop infrastructure, including Washington, New York and Indiana. Still, in others, regulators are reviewing specific proposed investments, as in Michigan and Missouri, or assessing the role for utilities, as in Maryland and Nevada. If allowed in our state, we could use

VW funds to cover part of the cost of building out EV charging infrastructure, as outlined in the table below. Utility investments, recovered by shareholders or from electricity customers, could potentially be contributed to cover the rest.

Asset	Government	Private
Light Duty Vehicle Charging Infrastructure	Up to 100% covered by VW Settlement funds if publicly available on government property	Up to: <ul style="list-style-type: none"> <li>• 80% covered by VW Settlement funds if publicly available at private property</li> <li>• 60% covered if at workplace, not publicly available</li> <li>• 60% covered if at Multi-Unit Dwelling, not publicly available</li> </ul>

### 3. Public-Private Partnerships

Our state can use the VW funds to leverage additional investment in EV related assets from private entities through public private partnerships. The VW Settlement expressly contemplates using VW Settlement funds for both governmental and non-governmental asset investments. For non-governmental asset investments, only part of the expenses can be covered by the VW Settlement, as reflected in the table below, meaning that the remainder of the expense must be covered through other funds. Thus, our state can use the VW funds to incentivize matching investments in EV assets and charging infrastructure from private entities. For example, our state can use VW funds to pay for 40% of the cost of a private corporation’s electric bus or truck, such as a hospital or university, and the private corporation could pay for the remaining 60%.

Asset	Government	Private
New Electric Truck and Charging Infrastructure	Up to 100% covered by VW funds	Up to 75% covered by VW funds
New Electric Bus and Charging Infrastructure	Up to 100% covered by VW funds	Up to 75% covered by VW funds
Light Duty Vehicle Charging Infrastructure	Up to 100% covered if publicly available on government property	Up to: <ul style="list-style-type: none"> <li>• 80% covered if publicly available at private property</li> <li>• 60% covered if at workplace, not publicly available</li> <li>• 60% covered if at Multi Unit Dwelling, not publicly available</li> </ul>

New Electric Freight Switcher and Charging Infrastructure	Up to 100% covered by VW funds	Up to 75% covered by VW funds
Ship to Shore Infrastructure	Up to 100% covered by VW funds	Up to 25% covered by VW funds
Qualifying Airport Equipment and Charging Infrastructure	Up to 100% covered by VW funds	Up to 75% covered by VW funds
New Forklift and Charging Infrastructure	Up to 100% covered by VW funds	Up to 75% covered by VW funds
New Electric Truck and Charging Infrastructure	Up to 100% covered by VW funds	Up to 75% covered by VW funds