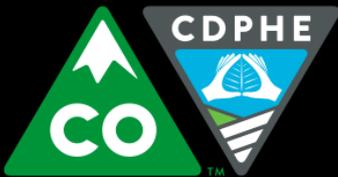


Volkswagen Settlement Proposed CO Beneficiary Mitigation Plan

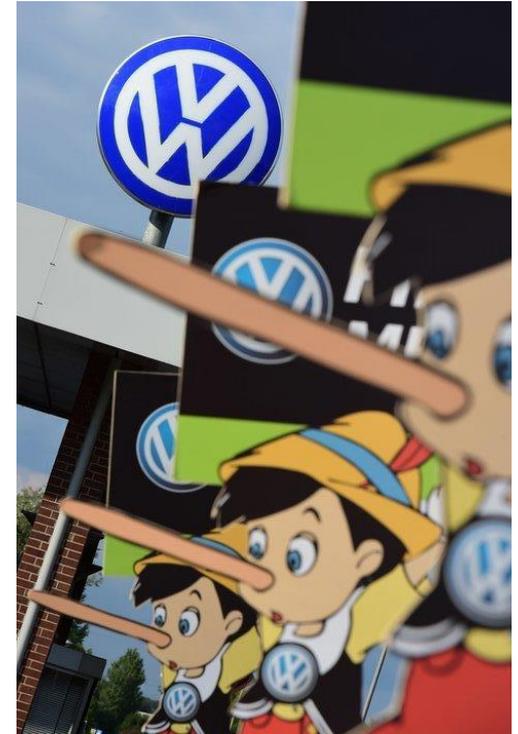


September 18, 2017



Settlement Overview

- Many cases, many consequences
- \$2.9 billion trust fund
 - \$68.7 million for Colorado
 - Eligible projects to reduce emissions
- \$10.3 billion to buy back vehicles
- \$2 billion national Zero Emission Vehicle (ZEV) investment
 - Under VW's control
- \$14 million to CO general fund for consumer fraud
- Criminal cases



Environmental Mitigation Trust

Milestones

Event	Approximate Time Frame
Colorado proposes Beneficiary Mitigation Plan for public comment	August 28, 2017
Trust Effective Date <small>*Wilmington Trust selected as Trustee - March 2017</small>	Fall 2017
Colorado files beneficiary certifications	Fall 2017
Beneficiary designation	Early 2018
Colorado files a Beneficiary Mitigation Plan	Early 2018
Colorado requests/receives funds	2018

Terms of the Trust



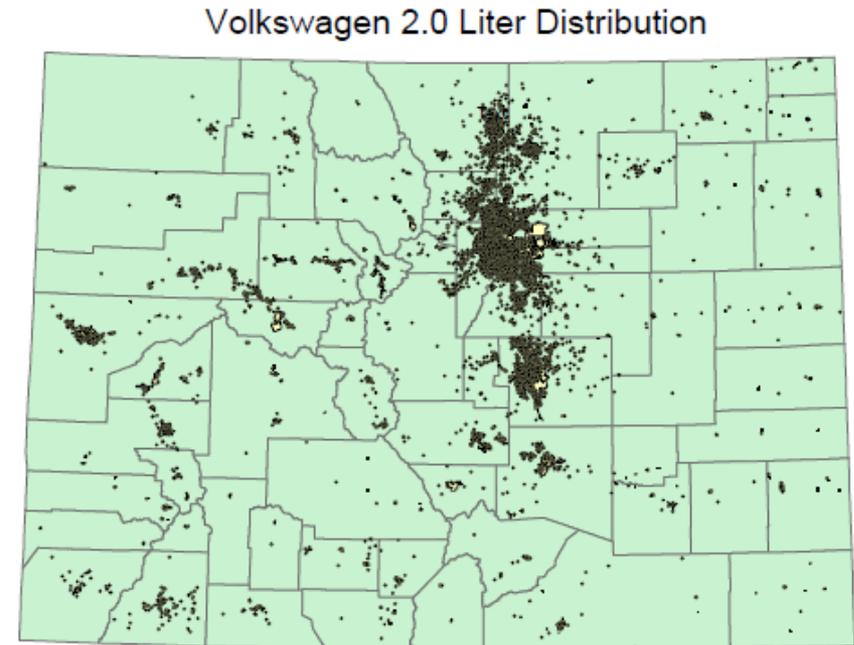
- \$68.7 M for eligible actions (could rise)
 - Public or private fleets
 - Sets incentive caps
- Draw funds over 3-10 years
- Forfeit unused funds
- Accounting and reporting required
- State distributes funds according to trust terms
- Purpose:
 - Reduce NO_x where VWs located
 - Benefit areas of disproportionate impact

Eligible Mitigation Projects

- Class 8 (large) local freight and port drayage trucks
- Class 4-7 (medium) local freight trucks
- Class 4-8 school, shuttle, or transit buses
- Up to 15% for light duty ZEV supply equipment
- Airport ground support equipment
- Railroad freight switchers
- Heavy forklifts
- Certain boats & port equipment
- Diesel emission reduction act (DERA) option
- Admin costs up to 15%

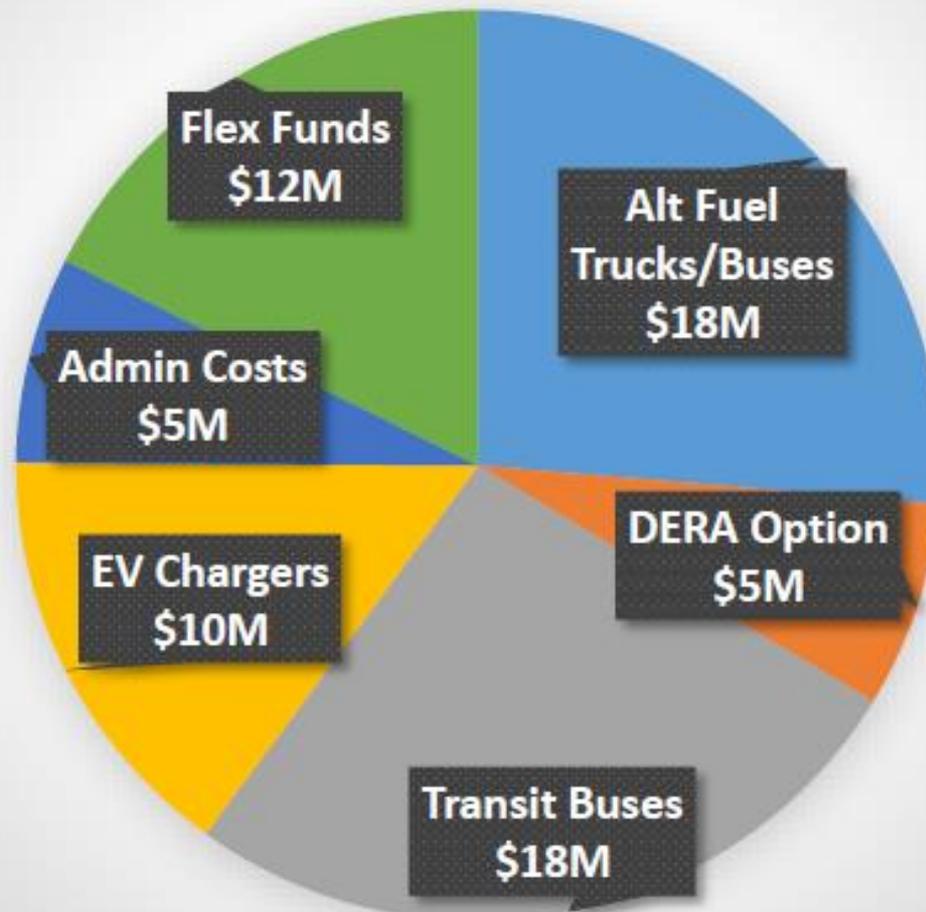
Areas of Disproportionate Impact

- Ozone nonattainment area
- Location of VWs
- Environmental justice areas
- Funds expected to flow to these areas
 - Not setting criteria at this time
 - EV chargers should be statewide



Allocation of Funds

Proposed Spending Plan



\$18 Million Alternative Fuel Vehicle Replacements

- Led by RAQC
- Complements ALT Fuels Colorado
- Scrap and replace with alternative fuel or electric
 - New diesel for small private fleets
- Public & private fleets eligible
- Medium- and heavy-duty trucks
- School & shuttle buses
- Airport equipment
- Will pay 25% or 40% of new vehicle cost, up to a cap
- 400-450 vehicles anticipated

\$18M Transit Bus Replacements

- Led by CDOT/DTR
- Scrap and replace transit buses with alt fuels or electric
- Public & private fleets
- Part of Consolidated Call for Capital Projects
 - Federal grant based on cost of diesel bus
 - Trust will pay 110% of incremental cost of alt fuel/electric bus
 - Includes EV charger
- 30-60 buses anticipated



\$10.3M Light Duty Zero Emission Vehicle Infrastructure

- Led by CEO and RAQC
- Will pay part of cost to install EV chargers
 - Could fund hydrogen station
- Statewide grants
 - Highway corridors
 - Community charging
- Based on ALT Fuels Colorado and Charge Ahead Colorado



\$5M DERA Option

- Over-match Diesel Emission Reduction Act grants
- DERA option can fund:
 - Construction equipment
 - Oil and gas drill rigs
 - Diesel generators
 - Mining equipment
 - Agricultural equipment
 - Certain retrofits
- Public comments requested
- Incentives not yet set
- May fund up to 25% - 60% of new engine cost



\$12M Flexible Funds

- Respond to program uptake
- Adjust programs based on markets and technologies

\$5M Implementation Costs

- Costs include:
 - Outreach
 - Soliciting and reviewing applications
 - Verifying project completion
 - Accounting & audits
 - Legal compliance
 - Records and reporting
- Projecting ~7.5% of trust funds
 - Trust allows 15%
- Using established programs makes us efficient

Estimated Emission Benefits

Program	NO _x (tons/year)	VOC (tons/year)	GHG (tons/year)
1. Vehicle Replacement	100-121	10-12	3,450-3,570
2. Electric Vehicle Charging Stations	15-20	19-20	35,000-50,000
3. Transit Vehicle Replacement	18-34	1-4	2,870-4,000
Total	133-175	30-36	41,320-57,600

Public Comment Opportunities

- Public meeting September 18
- Written comments due October 13
 - cdphe.commentsapcd@state.co.us
- More info at <https://www.colorado.gov/cdphe/vw>

Discussion

Chris Colclasure
Deputy Director

Colorado Department of Public Health and Environment,
Air Pollution Control Division