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GOVERNOR


STATE OF MICHIGAN
DEPARTMENT OF
ENVIRONMENT, GREAT LAKES, AND ENERGY
LANSING



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ACTING DIRECTOR

VIA EMAIL

TO: Senate Appropriations Subcommittee on Environment, Great Lakes,
and Energy Members
House Appropriations Subcommittee on Environment, Great Lakes,
and Energy Members
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Mary Ann Cleary, Director, House Fiscal Agency
Christopher M. Harkins, Director, State Budget Office

FROM: Aaron B. Keatley, Chief Deputy Director 

DATE: March 1, 2023

SUBJECT: Report on Fiscal Year 2022 Volkswagen Settlement Fund

In accordance with Section 901 of Article 4, of Part 2, of 2021 PA 0087, following is the Department of Environment, Great Lakes, and Energy's (EGLE) report on the Volkswagen Settlement Fund for fiscal year 2022.

Volkswagen Settlement Fund overview:

The State of Michigan was allocated \$64.8 million as part of the Volkswagen Settlement. EGLE was designated as the lead agency and developed the Michigan Beneficiary Mitigation Plan that describes how the funds will be spent.

The goals of the Michigan Beneficiary Mitigation Plan are:

- Reduce oxides of nitrogen emissions and maximize air quality benefits statewide, with an emphasis on priority areas (areas that are designated as non-attainment and maintenance areas for the National Ambient Air Quality Standards).
- Reduce diesel emissions from school buses statewide.
- Increase adoption of zero emission vehicles (ZEV) and alternate fuel vehicles and equipment.

Michigan has up to ten years from October 2, 2017, to spend its allocation of State Trust Agreement funds, as specified in the Environmental Mitigation Trust Agreement for State Beneficiaries. Projects will be solicited through a competitive application process and funded on a reimbursement basis. More information regarding the Volkswagen Settlement and the allocation of funding in the Fuel Transformation Program can be found at the following link: [Fuel Transformation Program \(Michigan.gov\)](#).

Mitigation Action Plan		
Allocation	Amount	Percentage
Class 4-8: Local Freight Vehicles (Eligible Medium and Large Trucks and Port Drayage Trucks), Shuttle Buses, and Transit Buses	\$19,442,104	30%
Freight Switchers, Great Lakes Ferries/Tugs, Shore Power, Port Cargo Handling Equipment and Forklifts, and Airport Ground Support Equipment	\$16,201,754	25%
Class 4-8 School Buses	\$13,961,403	21.5%
Light-duty ZEV Supply Equipment	\$9,721,052	15%
Program Administration	\$5,480,701	8.5%
Total Allocation	\$64,807,014	100%

Financial Summary			
Allocation	Obligated	VW Funds Expended	Total
Class 4-8: Local Freight Vehicles (Eligible Medium and Large Trucks and Port Drayage Trucks), Shuttle Buses, and Transit Buses	\$6,317,785	\$0	\$6,317,785
Freight Switchers, Great Lakes Ferries/Tugs, Shore Power, Port Cargo Handling Equipment and Forklifts, and Airport Ground Support Equipment	\$0	\$0	\$0
Class 4-8 School Buses	\$607,990	\$12,335,571	\$12,943,561
Light-duty ZEV Supply Equipment	\$3,083,700	\$2,556,986	\$5,640,686
Program Administration	\$130,994	\$264,006	\$395,000
Totals	\$10,140,469	\$15,156,563	\$25,297,032

Project Summary	
Allocation	Status
Class 4-8: Local Freight Vehicles (Eligible Medium and Large Trucks and Port Drayage Trucks), Shuttle Buses, and Transit Buses	All three application rounds were closed. Grants were awarded to 14 applicants from Rounds 1 and 2. Two remaining grants from Round 3 have been approved and are close to being fully executed. A total of 50 vehicles will be replaced via these grants, and all projects are expected to be closed by 2025.
Freight Switchers, Great Lakes Ferries/Tugs, Shore Power, Port Cargo Handling Equipment and Forklifts, and Airport Ground Support Equipment	Request for proposals for Ferries/Tugs, Shore Power, and Freight Switchers closed September 23, 2022. Three applications were submitted, and staff began the review process.

Project Summary	
Allocation	Status
Class 4-8 School Buses	Twenty-six projects were awarded grants to replace qualifying diesel school buses with new school buses. One project involves the replacement of 17 diesel school buses with new, all-electric school buses. Twenty-five projects involve replacing 295 diesel school buses with new diesel and propane school buses. Twenty-one of the 25 projects have been completed, and reimbursements have been made. Three of the four remaining projects were completed during this period and are waiting on final reimbursement. The last project is expected to close on May 31, 2023.
Light-duty ZEV Supply Equipment	Ninety-five projects have been awarded grants to install 92 direct current (DC) fast charging stations and 3 level 2 charging stations. Sixty-six DC fast charging stations and all 3 level 2 charging stations are completed. The remaining 26 DC fast charging stations are expected to be completed by December 31, 2023.

If you need further information, please contact Elizabeth M. Browne, Director, Materials Management Division, at 517-242-2746; or you may contact me at 517-512-5992.

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