



# Driving Minnesota Forward: VW Settlement Opportunities

Under the recent **Volkswagen Clean Air Act Civil Settlement**, Midwest states stand to receive more than \$420 million for local air quality efforts, including electric vehicle infrastructure and air quality mitigation efforts (targeting vehicle and equipment upgrades).

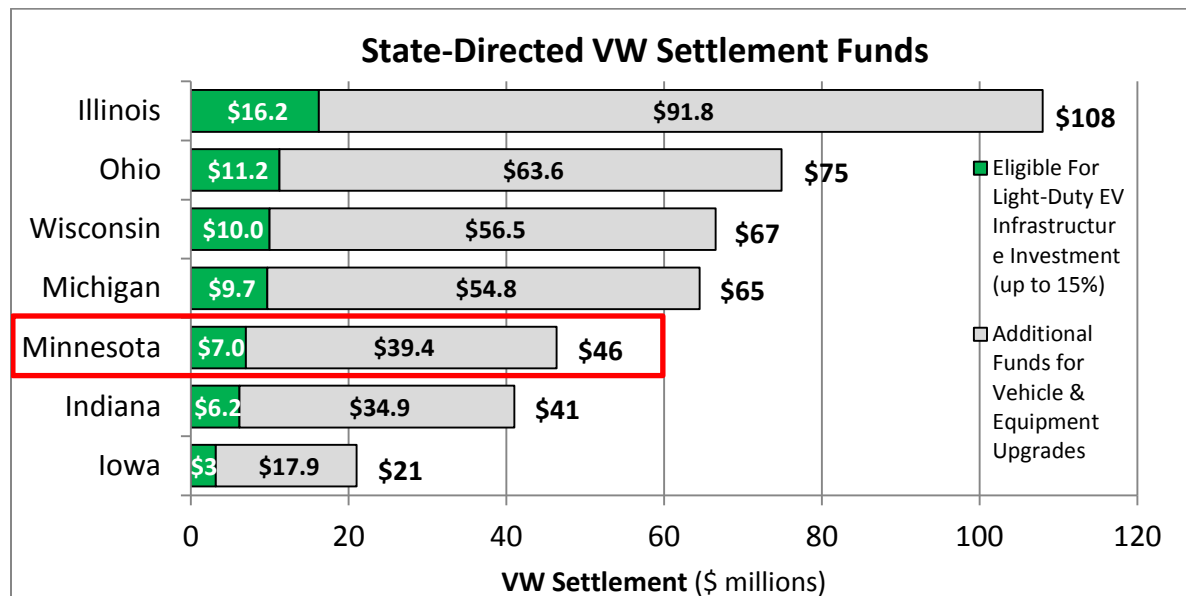
The settlement provides an opportunity to offset more than 40,400 tons of NOx pollution resulting from illegal defeat devices in VW vehicles. This creates a unique opportunity and obligation for Midwest states to modernize public vehicle fleets and infrastructure, reduce harmful air pollution, and stimulate economic development across the region.

## Minnesota's VW Settlement Actions To-Date:

1. Appointed Minnesota Pollution Control Agency as Lead Agency (<https://www.pca.state.mn.us/air/volkswagen-settlement>)
2. Hosted 3 public input sessions
3. Accepted public comments until June 30<sup>th</sup> ([vwsettlement.pca@state.mn.us](mailto:vwsettlement.pca@state.mn.us))
4. Environmental Justice Advisory Group met on September 13th
5. Public survey on best uses: <http://survey.mn.gov/s.asp?k=150291272279>

## Seizing the VW Opportunity

Minnesota has been allocated more than \$46 million through the VW Settlement Mitigation Trust. These funds must be used towards 10 eligible vehicle and equipment upgrades, with a maximum of up to 15% (\$7 million) for light-duty electrical vehicle infrastructure. Governor Dayton has appointed the Minnesota Pollution Control Agency (MPCA) as the lead agency to administer the VW Settlement.



## Evaluating Eligible Uses of Funds:

In evaluating potential investments in eligible vehicles, equipment, and technologies, MPCA should focus on specific opportunities to minimize NOx emissions and human exposure while maximizing cost effectiveness and market impact. Mitigation investments should also seek to protect and improve quality of life for Minnesota’s most vulnerable and disproportionately affected residents, including children.

Key Mitigation Considerations	Eligible Technologies	Eligible Vehicles & Equipment	
1. <b>NOx Reduction:</b> Number of vehicles and emissions per vehicle	<div style="background-color: #008000; color: white; padding: 5px; text-align: center;">All-Electric / Zero Emission Vehicles (ZEV)</div> <div style="border: 1px solid black; padding: 5px; text-align: center;">Alternative Fuel (ex: CNG, propane)</div> <div style="border: 1px solid black; padding: 5px; text-align: center;">New Diesel / Hybrid Vehicles</div> <div style="display: flex; align-items: center; justify-content: center; margin-top: 10px;"> <div style="width: 15px; height: 15px; background-color: #008000; margin-right: 5px;"></div> <span>High-Impact Midwest Opportunities</span> </div>	1. Class 8 Trucks	6. Class 4-7 Trucks
2. <b>Human Risk / Exposure:</b> Location, routes, hours, in relation to population		2. School, Transit, & Shuttle Buses	7. Airport Ground Support Equipment
3. <b>Cost-Effectiveness:</b> Total costs and benefits of ownership		3. Freight Switchers	8. Forklifts & Port Cargo Equipment
4. <b>Anticipated Market Impact:</b> Potential to develop new markets		4. Ferries / Tugs	9. Light-Duty EV Infrastructure
5. <b>Public Benefit:</b> Opportunity to upgrade public assets		5. Ocean-Going Vessels	10. DERA Project Non-Federal Fund Match

## High-Impact Opportunities to Drive the Electric Vehicle Market Forward:

- Maximizing the allowable 15% of funds for light-duty electric vehicle infrastructure and prioritizing investment in electric vehicle fast-chargers along Minnesota’s National Charging Corridor highways (I-90 & I-94)
- Investing the remaining 85% of funds in electric vehicle upgrades for large, public fleets that operate in densely-populated areas, such as school and transit buses
- Electric school buses can uniquely support renewable integration with the electric grid which can help Minnesota achieve its renewable portfolio standard of 26.5% by 2025

## What is ELPC doing?

ELPC is supporting state efforts to maximize this opportunity to modernize public vehicle fleets, reduce harmful air pollution, and grow the Midwest’s clean transportation economy.

### ELPC’s Webinar: Electric School Buses - A VW Settlement Opportunity

This [webinar](#) provides an overview of electric school bus benefits and funding opportunities, with updates and case studies from electric school bus pilot programs across the US.