

Subject: Volkswagen's ZEV Investment Plan is now available

The Air Resources Board (ARB) has received Volkswagen's (VW) first 30-month Zero Emission Vehicle (ZEV) Investment Plan (Plan). This Plan is required by California's partial settlement with VW resulting from VW's use of illegal defeat devices in its 2.0-liter (2.0L) diesel cars sold in the State from model years 2009 to 2015. The Plan describes how VW is proposing to spend the first \$200 million in California on ZEV fueling infrastructure (including the development and maintenance of ZEV charging stations), public awareness, increasing ZEV access, and a green city demonstration. ARB may approve, partially approve or disapprove the Plan. ARB is initiating its review of the Plan and invites you to provide comment on whether the Plan meets the terms and goals of the 2.0-liter Consent Decree. ARB will provide an overview of the Plan to the Board at its March 23/24, 2017 hearing, at which the Board will also receive public comment on the Plan.

Following the hearing, ARB will consider comments received by the deadline before deciding whether to approve or disapprove, in whole or in part, VW's ZEV Investment Plan

Background

On October 25, 2016, the United States District Court for the Northern District of California approved a proposed 2.0-liter Partial Consent Decree between ARB, Volkswagen (VW), and the United States Department of Justice. The Consent Decree partially resolves Clean Air Act and California State claims against VW for equipping its 2.0L diesel vehicles with defeat devices. This Consent Decree will fully mitigate the environmental harm done by VW's 2.0L diesel cars.

There are four elements of the Consent Decree, each described in a separate appendix. Appendix D requires VW to pay money into a mitigation fund for States to use to replace dirtier vehicles with cleaner, less-polluting vehicles; California will receive at least \$381 million of these funds. Appendix C requires VW to invest \$800 million in California over a 10-year period to support the increased use and availability of ZEVs. VW will implement these investments in four \$200 million 30-month cycles. Appendix C outlines four areas of qualified investments: ZEV infrastructure (including the development and maintenance of ZEV charging stations), public awareness, increasing ZEV access, and a green city.

California has also filed a Second California Partial Consent Decree with the Court for approval which, if approved, would require Volkswagen, to further mitigate its negative impacts on the zero-emission vehicle market by 1) completing two Green City initiatives in California as part of the ZEV investments required by Appendix C to the First Partial Consent Decree, with the second Green City required to be in a city with a population of approximately 500,000 that predominately consists of Disadvantaged Communities as identified by the California Office of Environmental Health Hazard Assessment's

CalEnviroScreen mapping tool; and 2) to introduce three additional Battery Electric Vehicle models in California from 2019-2025 according to a schedule specified in the decree. The Second California Partial Consent Decree would also require Volkswagen to pay ARB \$25 million for ARB to spend on ZEV-related aspects of a vehicle replacement program in California in 2017 or later; and would require VW to pay about \$41 million into the trust established under the 2.0-liter Partial Consent Decree to be spent by California on replacing older, dirtier heavy-duty vehicles and equipment with cleaner vehicles and equipment. Finally, Volkswagen has agreed to pay about \$153 million in civil penalties to California and perform other injunctive relief.

General information on all of the components of the VW settlements is available at https://www.arb.ca.gov/msprog/vw_info/vw-diesel-info/vw-diesel-info.htm. Specific information on Appendix C of the 2.0-liter Consent Decree, including VW's ZEV Investment Plan, is available at https://www.arb.ca.gov/msprog/vw_info/vsi/vw-zevinvest/vw-zevinvest.htm.

Hearing Details

Date: March 24, 2017
Time: 8:30 AM

Location: Riverside County Administrative Center
4080 Lemon St., 1st Floor
Riverside, California 92501

Participants unable to attend in person may take part via webcast. The webcast may be accessed on the day of the hearing at: <https://video.calepa.ca.gov/>. The full notice may be found at <https://www.arb.ca.gov/board/ma/2017/ma032317.pdf>.

During the hearing, staff will present VW's first ZEV Investment Plan and the process and timeline associated with review and action on the investment plan. After the discussion, members of the public will be invited to make comments related to whether the ZEV Investment Plan meets the terms and goals of the 2.0-liter Consent Decree.

Interested members of the public may also submit comments by postal mail or electronically by 5:00 PM PDT, April 10, 2017 to the below address.

Postal mail: Mr. Mark Williams, Mailstop 3E
Air Resources Board
P.O. Box 2815
Sacramento, California 95812

Electronic submittal:
[https://www.arb.ca.gov/lispub/comm2/bcsubform.php?listname=vwzevinvestplan-
ws&comm_period=1](https://www.arb.ca.gov/lispub/comm2/bcsubform.php?listname=vwzevinvestplan-
ws&comm_period=1)