



ANNUAL REPORT

2020

Senate Bill 92 (Committee on Budget and Fiscal Review, Chapter 26, Statutes of 2017) Report to the Legislature on Implementation of the Volkswagen Settlement Consent Decree, Appendix C and Appendix D



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EXECUTIVE SUMMARY



Senate Bill (SB) 92 (Committee on Budget and Fiscal Review, Chapter 26, Statutes of 2017), codified at Health and Safety Code section 39614, directs the California Air Resources Board (CARB or Board) to provide annual updates to the California Legislature on the progress of implementing the Zero Emission Vehicle Investment Commitment approved by CARB under Appendix C of the 2.0-Liter Partial Consent Decree with Volkswagen (VW), and on proposed and actual expenditures of the moneys received pursuant to Appendix D of the 2.0-Liter Partial Consent Decree.¹ The VW settlement resolves California claims relating to VW's use of illegal defeat devices – software designed to cheat on emissions tests – in certain 2009 to 2016 model year diesel cars that VW marketed and sold in California. This report covers implementation of Appendices C and D through December 31, 2019. Staff expects implementation will be affected to some extent by Covid-19; staff will address associated impacts in the next annual report.

A. VW Settlement Requirements in Appendices C and D

Under the terms of the VW settlement, VW will fund or invest more than \$1.2 billion in California over the next 10 years, as follows:

- Appendix C, the Zero-Emission Vehicle (ZEV) Investment Commitment, requires VW to invest \$800 million in California over a 10-year period – in four consecutive \$200 million, 30-month, ZEV Investment Plan cycles – to support the increased use and availability of ZEVs in the State. Appendix C outlines four areas of qualified investments: ZEV infrastructure (including developing and maintaining ZEV charging stations), ZEV public awareness, increased ZEV access, and Green City

¹ The Partial Consent Decrees are available at <https://ww2.arb.ca.gov/resources/documents/vw-settlement-consent-decrees>.

demonstration projects.² VW is implementing this commitment through its subsidiary, Electrify America.

- Appendix D, the Environmental Mitigation Trust, is intended to fully mitigate all past and future excess NOx emissions from the vehicles subject to the settlement by requiring VW to pay about \$2.7 billion into a national mitigation trust fund.³ California's allocation of the trust is about \$423 million. CARB developed a Beneficiary Mitigation Plan that describes the projects California will fund with its allocation. The Consent Decree defines the eligible mitigation actions; most are scrap-and-replace projects for the heavy-duty sector.

B. CARB has complied with SB 92 in implementing Appendices C and D

SB 92 establishes several requirements for Appendices C and D of the 2.0-Liter Partial Consent Decree. Some requirements apply to both Appendices, while others are unique to one or the other. As this report details, CARB continues to meet all requirements and direction provided by the Legislature in SB 92.

One requirement in SB 92 that applies to both Appendices is that CARB must strive to ensure that both Appendix C investments and Appendix D expenditures are aligned with the State's priorities. Electrify America's approved Appendix C investments under its Zero Emission Vehicle (ZEV) Investment Plans, and California's Beneficiary Mitigation Plan expenditures align with the State's transportation electrification goals, 2025 and 2030 ZEV goals, and statutory climate pollutant goals that include reducing greenhouse gas emissions 40 percent below 1990 levels by 2030. Electrify America's ZEV Investment Plans fund light-, medium-, and heavy-duty electrified vehicles and charging infrastructure. The Beneficiary Mitigation Plan will fund mostly heavy-duty scrap and replace projects with an emphasis on zero-emission vehicles and equipment.

Appendix C investments and Appendix D expenditures also align with California's goal of increasing access to clean transportation and mobility options, especially in underserved areas, as established in the Clean Energy and Pollution Reduction Act of 2015 (SB 350, De León, Chapter 547, Statutes of 2015). The publicly approved

² The 2.0-Liter Partial Consent Decree provided for a "Green City" initiative in one city. The California-only portion of the 3.0-Liter Partial Consent Decree adds a second Green City demonstration project to be located in a city with a population of about 500,000 and consisting primarily of disadvantaged communities.

³ This is the total amount required under both the 2.0-Liter and 3.0-Liter Partial Consent Decrees. The 3.0-Liter Partial Consent Decree added \$225 million to the national Trust and about \$41 million to California's Trust allocation.

Appendix C ZEV Investment Plans achieve this goal by installing ZEV infrastructure in underserved areas and funding ZEV car share and shuttle/bus services that operate primarily in disadvantaged communities; the Beneficiary Mitigation Plan achieves this goal by funding ZEV transit, school, and shuttle buses, many of them serving California's low-income or disadvantaged communities.

An additional requirement in SB 92 that applies to both appendices is that CARB strive to provide for public transparency before approving Appendix C investments and Appendix D expenditures. To date, CARB has approved the first two of four ZEV Investment Plans required by Appendix C in public hearings, and has also approved the Beneficiary Mitigation Plan required by Appendix D. For each of the ZEV Investment Plans and the Beneficiary Mitigation Plan, CARB staff undertook an extensive public process that included discussions with stakeholders, public workshops, and public board meetings. As part of this public process, CARB posted each proposed ZEV Investment Plan and the Beneficiary Mitigation Plan for public comment before the public hearing to consider adopting the Plans.

As it applies to Appendix C, SB 92 further prescribes that:

- CARB strive to ensure that: (1) to the maximum extent allowable under the 2.0-Liter Partial Consent Decree, at least 35 percent of the funds for each ZEV Investment Plan benefit low-income or disadvantaged communities disproportionately affected by air pollution, and (2) Volkswagen or its subsidiary periodically submit progress reports to CARB on the implementation of the approved ZEV Investment Plan;
- CARB approve each ZEV Investment Plan at a public hearing;
- CARB post each proposed ZEV Investment Plan for public comment; and
- CARB report annually to the Legislature on the progress of the implementation of the approved ZEV Investment Plans.

As it applies to Appendix D, the Legislation further prescribes that:

- CARB shall strive to ensure, to the maximum extent allowable under the 2.0-Liter Partial Consent Decree, that 35 percent of the moneys received pursuant to Appendix D benefit low-income or disadvantaged communities disproportionately affected by air pollution; and
- CARB shall report annually to the Legislature on the proposed and actual expenditures of the moneys received pursuant to Appendix D. As of December 31, 2019, \$95 million in funding for two project categories has been released and project selections for those categories are underway. A total of \$31,850,000 has been disbursed (expended) from the Trust to date.

The remainder of this report addresses how CARB met the statutory requirements provided above. This second annual report reflects progress made during this early stage of implementation. As implementation investments grow, CARB staff will have even more investment and expenditure information on which to report. CARB staff will continue to ensure compliance with SB 92.

THE ZEV INVESTMENT COMMITMENT – CONSENT DECREE APPENDIX C

This section focuses on Appendix C of the 2.0-Liter Partial Consent Decree: The ZEV Investment Commitment. The ZEV Investment Commitment is intended to function as injunctive relief that complements the other pieces of the Consent Decree, addressing the impact to California’s ZEV market resulting from VW’s sale of approximately 70,000 2.0-liter high-emitting diesel vehicles in California that VW marketed as clean vehicles.

Under the terms of the ZEV Investment Commitment, VW, through its subsidiary, Electrify America, must invest \$800 million in California over a 10-year period – in four consecutive \$200 million 30-month ZEV Investment Plan cycles – to support the increased use and availability of ZEVs in the State. Each of Electrify America’s four separate \$200 million ZEV Investment Plans, which must be approved, in whole or in part, by the CARB Board, spells out the investments Electrify America proposes to make within the 30 months in the four areas eligible for investment under the Consent Decree: ZEV infrastructure (including the development and maintenance of ZEV charging stations), public awareness, increasing ZEV access, and the establishment of two “Green Cities,” with emphasis on transportation electrification projects like zero-emission car sharing and transit to increase mobility, and potentially, zero-emission freight.

In addition to the requirements established under the 2.0-Liter Partial Consent Decree and SB 92, the Board, via Resolution 17-23, has directed that:

- Electrify America’s ZEV Investment Plan awareness program materials be brand-neutral, use a language other than English, when appropriate, and include acknowledgement of hydrogen fuel cell electric vehicles, when appropriate;
- Electrify America and CARB prepare and update a census tract-level map of charging station investments highlighting low-income and disadvantaged community investments;
- Electrify America should provide hiring opportunities for qualified residents of disadvantaged communities; and
- CARB staff, after consulting with stakeholders, including environmental justice groups, labor organizations, auto manufacturers and other EV charging companies, report to the Board at least twice a year on progress toward achieving the objectives of the Consent Decree.

PUBLIC PROCESS

CARB has now approved the Cycle 1 and Cycle 2 ZEV Investment Plans. Prior to approval of the Cycle 1 Plan, CARB conducted an extensive public process to inform decision-making on, and implementation and oversight of Electrify America's ZEV Investment Plans. From that process, which included an early workshop, the release of a CARB Guidance Document to help Electrify America consider public and State feedback in developing its draft ZEV Investment Plan, and three Board meetings, CARB solidified reporting and disadvantaged community spending commitments from Electrify America. Tables 1 and 2 on the following pages describe the Cycle 1 and Cycle 2 Plan public processes in detail. The Cycle 1 public process was the more extensive of the two, as it was necessary to include additional foundational meetings during which staff educated the public on the 2.0-Liter Partial Consent Decree and solicited public and Board input that was used to develop CARB'S guiding principles for Electrify America in developing the Cycle 1 and 2 Investment Plans.

Subsequent to approval of the Cycle 1 Plan, Electrify America began meeting with CARB monthly to discuss the implementation progress of the Cycle 1 Plan and, later, proposed content for and, after approval, provided implementation progress on the Cycle 2 Plan. Electrify America and CARB continue to meet monthly to discuss implementation of both the Cycle 1 and Cycle 2 Plans. Electrify America also provides CARB and the public with written quarterly update reports. The company submitted its first, second, and third annual reports, for the 2017, 2018, and 2019 calendar years, respectively, to CARB on April 30, 2018, April 30, 2019, and April 30, 2020, respectively. CARB and Electrify America also provide access to these reports on their respective public websites.

Table 1: Cycle 1 Plan Public Process

Date	Activity	Information Provided
12/2/16	Public Workshop	Staff provided details on the Consent Decree and obtained input from the public to help shape guidance (consistent with the Consent Decree) to Electrify America for use in crafting the Cycle 1 Plan.
12/8/16	Board Meeting	Staff updated the Board on the Consent Decree, describing the content and different functions of the Appendices, and identified CARB’s proposed priorities and guidance for the Cycle 1 Plan. Staff also summarized common themes from the public comments that were received at the December 2, 2016, workshop.
2/10/17	Publicly Posted Document transmittal	CARB transmitted a Guidance Document ⁴ to Electrify America regarding ZEV investment opportunities consistent with the objectives and criteria set forth in Appendix C, to help inform Electrify America’s development of the Cycle 1 Plan.
3/14/17	Publicly Posted Plan	CARB posted Electrify America’s proposed Cycle 1 ZEV Investment Plan ⁵ for a four-week public comment period.
3/24/17	Board Meeting	Staff provided an overview of Electrify America’s proposed Cycle 1 Plan. Board members and stakeholders expressed concern that the Plan did not adequately respond to some of CARB’s February Guidance Document. In response, CARB committed to soliciting additional information from Electrify America addressing the concerns regarding the submitted Cycle 1 Plan.
5/24/17	Publicly Posted Request for Supplement	CARB outlined proposed Cycle 1 Plan concerns and requested that Electrify America submit a Plan Supplement with more information on proposed expenditures in disadvantaged communities, brand neutral infrastructure and education, and a long-term investment planning vision. Electrify America submitted the Supplement on June 29, 2017.
7/27/17	Board Meeting	Staff provided an overview of Electrify America’s proposed Cycle 1 Plan – including its Supplement – as submitted on June 29, 2017, and made available for public comment; the Board approved the Plan.

⁴ CARB, 2017. California Air Resources Board’s Guidance to Volkswagen on First 30 Month Electric Vehicle Infrastructure Investment Plan of the 2.0 Liter Diesel Engine Partial Consent Decree Settlement, February 10, 2017.

(https://www.arb.ca.gov/msprog/vw_info/vsi/vw-zevinvest/documents/carb_guidance_021017.pdf)

⁵ Electrify America, 2017. California ZEV Investment Plan: Cycle 1, March 8, 2017. (<https://elam-cms-assets.s3.amazonaws.com/inline-files/California%20ZEV%20Investment%20Plan%20Cycle%201.pdf>)

Table 2: Cycle 2 Plan Public Process

Date	Activity	Information Provided
10/3/18	Publicly Posted Plan	CARB posted Electrify America’s proposed Cycle 2 ZEV Investment Plan ⁶ for public comment.
11/15/18	Board Meeting	Staff provided an overview of the proposed Cycle 2 Plan. The Board did not have a quorum to vote on the Plan, and expressed concern that staff had not solicited enough comments from stakeholders regarding Electrify America’s progress toward achieving the objectives of the 2.0-liter Partial Consent Decree, as required by the Board.
12/7/18	Public Meeting	CARB solicited additional comments from stakeholders regarding Electrify America’s progress toward achieving the objectives of the 2.0-liter Partial Consent Decree.
12/13/18	Board Meeting	Staff provided an overview of the proposed Cycle 2 Plan and additional stakeholder feedback; the Board approved the Plan.

APPROVED CYCLE 1 PLAN INVESTMENTS

CARB approved Electrify America’s Cycle 1 ZEV Investment Plan on July 27, 2017. The Cycle 1 Plan covers the 30-month period concluding on June 30, 2019. Table 3 below shows the project funding categories and investment amounts approved by the Board for the Cycle 1 Plan. The funding categories are consistent with the objectives and criteria set forth in Appendix C and SB 92, and were refined during an extensive public process. The Cycle 1 Plan investments are further described after the table.

⁶ Electrify America, 2018. California ZEV Investment Plan: Cycle 2, October 3, 2018. (<https://elam-cms-assets.s3.amazonaws.com/inline-files/Cycle%20%20California%20ZEV%20Investment%20Plan.pdf>)

Table 3: Approved Cycle 1 Plan Investments⁷

Investment Category	Investment (in millions)
ZEV Infrastructure	\$120
Green City ZEV Access Demonstration Project (Sacramento)	\$44
ZEV Awareness and Education	\$20
Operational Expenses	\$16
TOTAL	\$200

ZERO-EMISSION VEHICLE INFRASTRUCTURE: \$120 MILLION



Image source: Electrify America News Update, December 13, 2018.

The majority of this investment – \$75 million – was used to install a statewide network of highway fast-charging stations that will serve all of California’s plug-in drivers and allow for ultra-fast refueling – 200 miles in 15-30 minutes. The remainder of this investment was used to install fast-charging and 208-240 volt Level 2 charging at retail and community locations, municipal parking facilities, workplaces,

and multi-family housing units in the following six California metropolitan areas: Fresno, Los Angeles-Long Beach-Anaheim, Sacramento-Roseville-Arden Arcade, San Diego-Carlsbad-San Marcos, San Francisco-Oakland-Hayward, and San Jose-Sunnyvale-Santa Clara. Approximately \$5.2 million in ongoing Cycle 1 infrastructure funding that was unspent as of December 31, 2019, will fund infrastructure activity in Cycle 2 as allowed under the terms of the ZEV Investment Commitment.

⁷ Table 3 only reflects approved Cycle 1 Plan investments. An exhibit of actual Cycle 1 Plan expenditures may be found in Table 6.

GREEN CITY ZEV ACCESS DEMONSTRATION PROJECT (SACRAMENTO): \$44 MILLION

The Green City investment in Sacramento is supporting two new car sharing services - GIG and Envoy, a new zero-emission on-demand shuttle bus service along the Franklin Boulevard corridor, an area of the city which had been without a bus line; new zero-emission transit buses operating between the Davis and Sacramento campuses of the University of California, Davis; and the charging infrastructure and marketing associated with each of these



Image source: CARB

projects. Almost \$19 million of the \$44 million investment is supporting fast-charging for GIG Chevrolet Bolt EVs and transit buses, and Level 2 charging for Envoy e-Golfs. Finally, Electrify America selected 3Fold Communications, a marketing agency with established connections to Sacramento's low-income and disadvantaged communities, to create a Green City awareness campaign called Sac-to-Zero⁸ to grow awareness and use of Sacramento's Green City programs. Approximately \$3.5 million in ongoing Cycle 1 Green City funding that was unspent as of December 31, 2019, will fund additional Green City activities in Cycle 2 as allowed under the terms of the ZEV Investment Commitment.

ZEV AWARENESS AND EDUCATION: \$20 MILLION



Image source: Jetstones TV Ad screen capture

Electrify America, during development of its Cycle 1 Plan, shared third-party research indicating that more than half of all Californians were unaware of ZEVs. Electrify America's implemented awareness plan has generated broad, brand-neutral ZEV awareness, through a combination of web-based, social, and traditional (TV and radio) media.

⁸ Sac-to-Zero's website is at <https://sactozero.com/>

APPROVED CYCLE 2 PLAN INVESTMENTS

CARB approved Electrify America’s Cycle 2 ZEV Investment Plan on December 13, 2018. The Cycle 2 Plan covers the 30-month period from July 1, 2019 through December 31, 2021. The 2.0-Liter Partial Consent Decree provides that Volkswagen may also complete its Cycle 1 spending activities during Cycle 2 without penalty. Table 4 below shows the project funding categories and investment amounts approved by the Board for the Cycle 2 Plan. The funding categories are consistent with the objectives and criteria set forth in Appendix C and SB 92, and were refined during a public process that included a stakeholder meeting and two Board meetings. The proposed investments are further described after the table.

Table 4: Approved Cycle 2 Plan Investments⁹

Investment Category	Investment (in millions)
ZEV Infrastructure	\$153
Public Education, Awareness, and Marketing Activities	\$27
Operational Expenses	\$20
TOTAL	\$200

ZERO-EMISSION VEHICLE INFRASTRUCTURE: \$153 MILLION



Image source: Audiusa.com
<https://www.audiusa.com/audi-life/e-tron/e-tron-taking-charge>

Most of this investment, \$95-115 million, will be used to expand charging infrastructure within the 6 metropolitan areas selected in Cycle 1, as well as in 3 new areas: Riverside-San Bernardino, Santa Cruz-Watsonville, and Santa Rosa. These nine metropolitan areas are projected to have 89 percent of the 2022 plug-in electric vehicle population in the State. Another \$25-30 million will be used to expand primarily fast-charging infrastructure along highways and regional routes, including in three rural areas with high concentrations of

⁹ Table 4 only reflects approved Cycle 2 Plan investments. An exhibit of actual Cycle 2 Plan expenditures may be found in Table 7.

low-income or disadvantaged communities (the Central, Coachella, and Imperial Valleys). Additionally, \$8-12 million will go toward 2,500-3,300 residential Level 2, demand response-capable chargers and a website tool, integrated with CARB tools targeted toward low-income consumers, to identify existing incentives; \$4-6 million will go toward charging infrastructure for electrified transit buses; \$2-4 million will go toward autonomous vehicle charging, to facilitate fueling the coming generation of autonomous plug-in electric vehicles (PEVs); approximately \$2 million will go toward Level 2 charging in rural areas that have historically been underserved by charging infrastructure¹⁰; and up to \$5 million will go toward renewable generation that will decrease upstream emissions from electricity generation and provide for greater economic sustainability.

PUBLIC EDUCATION, AWARENESS, AND MARKETING ACTIVITIES: \$27 MILLION

In Cycle 2, Electrify America will continue to use traditional and social media to increase public awareness of ZEVs and their benefits, emphasizing the: (1) performance and comfort characteristics that drivers say they want, (2) range confidence (including the range of new vehicles and the convenience of public charging infrastructure), and (3) diversity of vehicle choice. As awareness levels increase, Electrify America will directly target marketing at this ZEV-aware audience, using ride and drive events and, potentially, experience centers, to promote even stronger ZEV consideration.



Image source: Electrify America Report to California, May 10, 2018

Electrify America will use marketing to boost station utilization. Messaging will communicate, for each charging station, location, charging speed, acceptable payment methods, and nearby amenities. It will also communicate information on accessibility, subscription plans and other efforts to improve affordability, and agreements to provide ultra-fast charging services to buyers of electric vehicles from a total of seven brands (six automotive and one motorcycle).

¹⁰ In a written request to Electrify America, rural community stakeholders and advocates expressed that: (1) they preferred Level 2 charging because of the typically lower cost, and (2) charger siting should prioritize health centers and educational institutions as these sites are visited frequently and offer extended hours of access. Electrify America has stated that they will target these stations toward educational and health care institutions, with site host permission.

ZEV INVESTMENT PLAN PROGRESS

As required under the Consent Decree, Electrify America has submitted its 2019 annual report on time. CARB staff has reviewed the report and found that meaningful progress has been made toward the investment goals established in the Cycle 1 and 2 Plans, especially in the rollout of charging infrastructure. The following sections first illuminate Electrify America progress as of December 31, 2019, in each of the Cycle 1 and Cycle 2 investment plan categories and then present expenditure tables (Tables 6 and 7) for the two investment plans.

ZERO-EMISSION VEHICLE INFRASTRUCTURE

As previously mentioned in the descriptions of the Cycle 1 and 2 ZEV Investment Plans, Electrify America expected to deploy direct current (DC) fast chargers at sites located both along highway corridors and in the Fresno, Los Angeles, Riverside-San Bernardino, Sacramento, San Francisco, San Diego, San Jose, Santa Cruz-Watsonville, and Santa Rosa metropolitan areas. It also expected to deploy Level 2 charging stations at workplace and multi-unit dwellings (MUD) within the same metropolitan areas. Table 5 below reflects deployment status through the fourth calendar quarter (Q4) of 2018 and 2019.

Table 5: Charging Infrastructure Status

DC Fast Charging Stations			Level 2 Charging Stations		
Status	Q4 2018	Q4 2019	Status	Q4 2018	Q4 2019
In permitting	134	165	Site agreements executed	239	241
Permit complete	62	152	Operational	74	241
Site work complete	14	128			
Operational	5	78			

Electrify America reports that 54 percent of the operational DC fast chargers and 42 percent of the operational Level 2 chargers are in disadvantaged and low-income communities. CARB staff are verifying that reported stations are in disadvantaged and low-income census tracts by cross-checking them with census tracts identified by CalEnviroScreen 3.0 and AB 1550 as disadvantaged and/or low income and mapping them through ArcGIS.

Additionally, Electrify America is incorporating onsite battery storage, which, using lower-priced energy stored during low-demand periods, can reduce high utility demand charges and on-peak energy charges, while easing grid loads. In early 2019, it ordered more than 20 megawatt-hours of Tesla storage batteries to be sited at more than 60 of its DC fast charge stations in California, and efforts are under way to identify those stations best suited for battery storage placement.

GREEN CITY ZEV ACCESS DEMONSTRATION PROJECT

Through its first Green City Initiative, Electrify America continued to invest in zero-emission car sharing and transit in Sacramento, and associated charging infrastructure.¹¹ The GIG free-float (point-to-point) car share fleet in Sacramento grew from 100 to the planned 260 Chevrolet Bolt EVs with roof-mounted bike racks in the first half of 2019; it is currently the largest all-electric car share fleet in the United States. Through the end of 2019, the GIG fleet had made more than 94,000 trips and logged more than 871,000 miles. GIG estimates that 60 percent of its 18-square mile “home zone” is comprised of disadvantaged and low-income census tracts. The Envoy Technologies Multi-Unit Dwelling (MUD) (return trip) car share program grew to 40 locations by the end of 2019, comprising 81 Volkswagen e-Golf EVs and 82 chargers. The Envoy vehicles are available for both conventional rentals, as well as shared economy ride hailing activities (like those of transportation network companies Uber or Lyft). Approximately 73 percent of the locations are in disadvantaged and low-income communities.

Electrify America signed an agreement with Sacramento Regional Transit and Yolo County Transportation District in Q1 2019 to provide 12 Proterra E2 Catalyst electric transit buses for use on the University of California, Davis to downtown Sacramento and U.C. Davis Medical Center route, and the buses are anticipated to commence operation on May 4, 2020. All of the Proterra buses will be domiciled in, and serve stops in, low-income and disadvantaged communities.

Electrify America also signed an agreement with Sacramento Regional Transit and the Franklin Neighborhood Development Corporation to operate an on-demand micro-transit shuttle bus service along Franklin Boulevard using three GreenPower EV Star shuttles; those shuttles are also anticipated to commence operation in the second

¹¹ As mentioned in the Executive Summary, staff expects Electrify America’s implementation to be affected by Covid-19. Possible impacts to Green City projects include decreased use of car share vehicles and decreased transit ridership.

half of 2020. Of the census tracts in the GreenPower shuttle service territory, 84 percent are in low-income and disadvantaged communities.

To market the Green City Initiative, Electrify America and 3fold Communications launched the Sac-to-Zero campaign, which advertises the different programs and efforts Electrify America is bringing to Sacramento. By the end of Q1 2019, Sac-to-Zero expanded to include more avenues for advertisement, adding different platforms, such as radio, television, and out-of-home advertising, to reach a larger audience. Through the end of 2019, 3fold held 29 Sac-to-Zero events and activities, engaging more than 12,000 individuals. The activities included community-based events, such as farmers' markets, arts festivals, and sporting events. Of the 29 events, 26 were held in low-income or disadvantaged communities.

ZEV AWARENESS AND EDUCATION

In Q3 2019, Electrify America launched a new \$17 million streaming audio, digital TV, and social media education and awareness campaign that focuses on four ZEV messaging pillars: performance, range, the breadth of product availability, and the availability of charging infrastructure. Included in that campaign is a new website – Normal Now – that replaces Electrify America's prior plugintothepresent.com website. While still providing information on battery electric and fuel cell electric vehicles in both English and Spanish, the goal of Normal Now is to address the public's fear of change and lack of exposure to ZEVs by humorously showing how technology matures and becomes mainstream. Normal Now provides an overview of the benefits of ZEVs, with links to content-rich, third-party websites like the federal government's Alternative Fuels Data Center and fueleconomy.gov, Plug In America and its shopping research site PlugStar, and PlugShare.

Electrify America continues its collaboration with, and financial commitment to, Veloz. In June 2018, Electrify America made a commitment to match up to \$2 million for the "Electric for All" and subsequent social media campaigns. More recently, that commitment supported the "Kicking Gas" ZEV education and awareness campaign that ran through the end of 2019 and featured former California Governor Arnold Schwarzenegger.

Last year, CARB reported that Electrify America targeted \$2.7 million toward new partnerships with community-based organizations (CBO) that have greater access to,

and credibility within, California’s low-income or disadvantaged communities.¹² Those CBOs included Valley Clean Air Now (Valley CAN), Pacific Asian Consortium in Employment, Chinese Newcomers Service Center, Self Help for the Elderly, Liberty Hill Foundation and GRID Alternatives. In 2019, Electrify America concentrated its CBO efforts on Valley CAN, because of Valley CAN’s demonstrated strong ability to further ZEV awareness in low-income and disadvantaged communities, and to assist those community members in upgrading to a ZEV via CARB’s Clean Cars 4 All (CC4A) vehicle replacement program. Electrify America provided funding for Valley CAN’s more than 80 Community Clean Car Clinics, generally held in rural communities throughout the San Joaquin Valley. A fall 2019 UCLA Luskin Center for Innovation assessment of the Community Clean Car Clinic program concluded that CC4A applications more than doubled as a result of Electrify America’s investment.¹³ Electrify America also provided funding for Valley CAN’s biweekly “Tune In & Tune Up” events, including ride and drives, and hosted 10 of their own ride and drive events with promoter Charge Across Town. Those events produced more than 2,000 in-car experiences, 1,600 CC4A applications, and 1,200 ZEV purchases.

Electrify America also sponsored five community ride and drive events in cooperation with Plug In America during National Drive Electric Week in September 2019. The events took place in Chatsworth, Davis, Mammoth Lakes, Palm Desert, and Richmond.

TOTAL EXPENDITURES

Tables 6 and 7 on the following pages reflect Electrify America’s expenditures under the Cycle 1 and Cycle 2 ZEV Investment Plans, respectively, through December 31, 2019, as reported in its 2019 Annual Report.¹⁴ The independent, third-party auditor has confirmed that these investments were made consistent with the Consent Decree and Plan approvals.

¹² Electrify America CBO press release is at <https://elam-cms-assets.s3.amazonaws.com/inline-files/Electrify%20America%20LIC%20DAC%20Education%20and%20Awareness%20Campaign.pdf>

¹³ Gregory Pierce and Rachel Connolly, 2019. Initial Assessment of Valley Clean Air Now’s Clean Car Community Clinic Initiative, October 2019. UCLA Luskin Center for Innovation. https://innovation.luskin.ucla.edu/wp-content/uploads/2019/10/Valley_Clean_Air_Nows_Clean_Car_Community_Clinic_Initiative.pdf

¹⁴ Electrify America, 2020. 2019 Annual Report to California Air Resources Board, April 30, 2020. (<https://ww2.arb.ca.gov/resources/documents/electrify-america-reports>)

Table 6: Electrify America’s Cycle 1 ZEV Investment Plan Expenditures*

Investment Category	Amounts/Expenditures	Description	Low-income / DAC Spend
ZEV Infrastructure	Begin: \$120,000,000 Expended: <u>\$114,803,289</u> Remaining: \$5,196,711	Install, operate, and maintain highway and community charging stations.	Electrify America has demonstrated to CARB staff that, for each of the three spending categories, Cycle 1 cumulative creditable costs exceeded 35 percent. However, Electrify America considers its specific disadvantaged and low-income community spending levels and percentage of its investments, as contained in its creditable cost reports, to be confidential and proprietary information.
Green City ZEV Access Demonstration Project	Begin: \$44,000,000 Expended: <u>\$40,456,098</u> Remaining: \$ 3,543,902	Establish and market zero-emission car share and transit services.	
ZEV Awareness and Education	Begin: \$20,000,000 Expended: <u>\$20,927,072</u> Remaining: \$ 0	Social, web-based, and traditional media broad brand-neutral awareness program.	
Administration	Begin: \$16,000,000 Expended: <u>\$16,195,464</u> Remaining: \$ 0	Overhead expenses include personnel, service agreement, office/facility, legal, and related costs as provided for in the Consent Decree.	
Total:	Begin: \$200,000,000 Expended: <u>\$192,381,923</u> Remaining: \$ 7,618,077		

* Table 6 accounts for Cycle 1 deliverable expenditures and the percentage of those expenditures benefitting low-income or disadvantaged communities through December 31, 2019.

Table 7: Electrify America’s Cycle 2 ZEV Investment Plan Expenditures*

Investment Category	Amounts/Expenditures	Description	Low-income / DAC Spend
ZEV Infrastructure	Begin: \$153,000,000 Expended: <u>\$11,601,182</u> Remaining: <u>\$141,398,818</u>	Install, operate, and maintain highway and community charging stations.	Electrify America has demonstrated to CARB staff that, for each of the three spending categories, Cycle 2 creditable costs through 2019 exceeded 35 percent. However, Electrify America considers its specific disadvantaged and low-income community spending levels and percentage of its investments, as contained in its creditable cost reports, to be confidential and proprietary information.
ZEV Awareness and Education	Begin: \$27,000,000 Expended: <u>\$6,517,474</u> Remaining: <u>\$20,482,526</u>	Social, web-based, and traditional media broad, brand-neutral awareness program. Market charger locations, charging speed, acceptable payment methods, amenities, accessibility, and affordability (subscription plans and automaker bundling).	
Administration	Begin: \$20,000,000 Expended: <u>\$554,835</u> Remaining: <u>\$19,445,165</u>	Overhead expenses include personnel, service agreement, office/facility, legal, and related costs as provided for in the Consent Decree.	
Total:	Begin: \$200,000,000 Expended: <u>\$ 18,673,490</u> Remaining: <u>\$ 181,326,510</u>		

* Table 7 accounts for Cycle 2 deliverable expenditures and the percentage of those expenditures benefitting low-income or disadvantaged communities through December 31, 2019.

LOW-INCOME OR DISADVANTAGED COMMUNITY BENEFITS

As described in Tables 6 and 7, Electrify America has provided CARB staff with confidential expenditure information demonstrating that Cycle 1 and Cycle 2 ZEV Investment Plan spending in each of the prescribed investment categories meets or exceeds the 35 percent target set by SB 92 for benefiting low-income or disadvantaged communities disproportionately impacted by air pollution.

CARB staff will continue to oversee Electrify America's ZEV Investment Plan spending, and strive to ensure that, to the maximum extent allowable under the 2.0-Liter Partial Consent Decree, at least 35 percent of Investment Plan funds benefit low-income or disadvantaged communities disproportionately affected by air pollution, as required by SB 92.

VW ENVIRONMENTAL MITIGATION TRUST – CONSENT DECREE APPENDIX D

This section focuses on Appendix D of the VW settlement Consent Decree: The Environmental Mitigation Trust (VW Mitigation Trust or Trust). The Trust is intended to fully mitigate past and future excess oxides of nitrogen (NOx) emissions from the VW vehicles that were the subject of the settlement. Under the terms of the Consent Decree, VW must pay \$2.7 billion into a national Environmental Mitigation Trust over a three-year period for specified eligible mitigation actions. Wilmington Trust, N.A., is the trustee for the national Trust, which is allocated to each of the 50 states, the District of Columbia, and Puerto Rico, based on the respective number of VW vehicles that were the subject of the settlement. California's total allocation of the Trust from both the 2.0-liter and 3.0-liter vehicle Consent Decrees is about \$423 million.¹⁵ The eligible mitigation actions (project funding categories) listed in the Consent Decree include mostly scrap-and-replace projects for the heavy-duty sector.

PUBLIC PROCESS

As the Lead Agency for implementing California's Trust allocation, CARB was responsible for developing a Beneficiary Mitigation Plan that describes how California's Trust allocation will be spent, including the goals for the use of the funds; the eligible mitigation actions to be funded and the corresponding allocations; the estimated emission reductions; and consideration of the emissions benefits for areas disproportionately impacted by air pollution. CARB developed the Beneficiary Mitigation Plan through an extensive public process, and the Board approved the plan at its public meeting on May 25, 2018 and reported the Plan to the Trustee in June 2018. To develop the Beneficiary Mitigation Plan, CARB staff held 8 public meetings over a 7-month period in 2017 and 2018, as described in the previous annual SB 92 report. Following the Plan approval, the project administrators, in coordination with CARB staff, held 6 public work group meetings throughout the State to solicit feedback from stakeholders on designing the implementation process and application requirements for each of the 5 Board-approved project funding categories.

The funding described in the Beneficiary Mitigation Plan complements a portfolio of other clean transportation investments from CARB, other State agencies, and local governments. There will be considerable investment in heavy-duty vehicle emission reductions through the Beneficiary Mitigation Plan and through continued

¹⁵ California's total Trust allocation is \$422,636,320.

implementation of the Carl Moyer Program, Low Carbon Transportation Investments, the Proposition 1B Goods Movement Emission Reduction Program, Funding Agricultural Replacement Measures for Emission Reductions (FARMER), and the Community Air Protection Program (Assembly Bill 617). The next section describes the projects that are being funded from the Beneficiary Mitigation Plan.

PROPOSED AND ACTUAL TRUST EXPENDITURES

CARB must fully mitigate the excess NOx caused by the subject VW diesel vehicles in California. Staff calculated the estimated NOx target as 10,000 tons. The estimate takes into account the VW diesel car recall or buy-back requirements in the Consent Decrees, the uncertainty in heavy-duty vehicle or technology market demand, the mix of projects within the specified project funding categories that could be funded, and infrastructure needs. The project funding categories and allocations included in the Plan are expected to meet this NOx emission reduction target.

Table 8 shows the project funding categories and allocations the Board approved in the Beneficiary Mitigation Plan.

Table 8: Project Funding Categories and Allocations

Eligible Mitigation Action Project Funding Category	Benefiting Low-Income or Disadvantaged Communities	Project Allocation (millions)
Zero-Emission Transit, School, and Shuttle Buses	50%	\$130
Zero-Emission Class 8 Freight and Port Drayage Trucks	50%	\$90
Zero-Emission Freight and Marine Projects Forklifts and Port Cargo Handling Equipment Airport Ground Support Equipment Oceangoing Vessel Shore Power Zero-Emission Ferry, Tugboat, and Towboat Repowers	75%	\$70
Combustion Freight and Marine Projects Low NOx Class 7-8 Freight Trucks Tier 4 Freight Switchers Tier 4 or Hybrid Ferry, Tugboat, and Towboat Repowers	50%	\$60
Light-Duty Zero-Emission Vehicle Infrastructure	35%	\$10
Reserve (including administrative costs)		\$63
TOTAL	> 50%	\$423

These investments will:

- Fully mitigate the lifetime excess NOx caused by the subject VW diesel vehicles while reducing risk to children and other sensitive populations.
- Support early adoption of commercially available zero-emission technologies in the heavy-duty sector.
- Align with State priorities and help meet California’s zero-emission vehicle and petroleum use reduction goals.
- Invest funds statewide with a focus on benefiting low-income or disadvantaged communities.

The following section describes the project funding categories and expenditures and current status of each. As required by the Consent Decree, for each funded vehicle or engine in each of the categories, the existing eligible vehicle or engine must be scrapped.

ZERO-EMISSION TRANSIT, SCHOOL, AND SHUTTLE BUSES: \$130 MILLION



Funding for this category will be used to scrap and replace older, eligible Class 4-8 conventionally fueled transit, shuttle, and school buses with new, commercially available zero-emission buses, supporting early adoption of zero-emission technologies and reducing diesel’s harmful

impacts on children. The funding is being implemented in two equal installments of \$65 million each, released two years apart, and will be available on a first-come, first-served basis. For each vehicle funded, the incentive amount includes funding to help offset zero-emission vehicle infrastructure costs. No more than 50 percent of each installment may go to one bus category. Staff expects at least 50 percent of the total project funds will benefit low-income or disadvantaged communities.

The San Joaquin Valley Air Pollution Control District (SJVAPCD) is administering this funding category statewide with CARB oversight. SJVAPCD conducted public work group meetings throughout the State in spring 2019 to seek input on the application process and requirements, with the intent of developing a streamlined funding process. SJVAPCD opened the first statewide \$65 million funding opportunity in October 2019. Funding requests for school buses quickly exceeded the 50 percent category threshold. The table below shows the total funding requests received for all bus categories as of December 31, 2019.

Table 9: Zero-Emission Bus Applications Received

Category	Number of Vehicles	Funds Requested
School Bus	495	\$198,000,000
Transit Bus	118	\$21,900,000
Shuttle Bus	24	\$3,840,000
Total	637	\$223,740,000

Staff are considering options for addressing the high demand for school bus funding in consideration of the need to meet the required NOx emission reduction target.

To cover current costs, and in anticipation of upcoming costs, the Trustee has approved and disbursed \$16,250,000 for vehicle purchases and \$3,250,000 for administrative costs. Contracts with awardees are currently underway, and the first buses are expected to be delivered in 2020. Since inception, the project administrator has expended about \$180,000 of the amount disbursed for administrative costs through December 2019. This includes, but is not limited to, staffing costs for statewide public work group meetings, application process development, travel, outreach (including website development), developing a database for tracking fund distribution and emission reductions, recordkeeping, and reporting.

**ZERO-EMISSION CLASS 8 FREIGHT AND PORT DRAYAGE TRUCKS:
\$90 MILLION**

Funding for this category will be used to replace eligible Class 8 conventionally fueled freight trucks and port drayage trucks with new zero-emission technologies. While a portion of this allocation will support the early deployment of existing commercially available trucks, 70 percent of the allocation will be focused on expanding the market as manufacturers bring additional zero-emission trucks to market in the next 3 to 5 years.



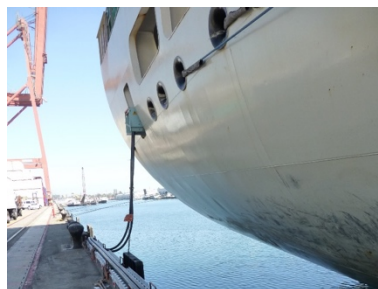
Funds will be available on a first-come, first-served basis. For each vehicle funded, the incentive amount includes funding to help offset zero-emission vehicle infrastructure costs. Staff expects at least 50 percent of the total project funds will benefit low-income or disadvantaged communities.

The South Coast Air Quality Management District (SCAQMD) is administering this funding category statewide with CARB oversight. SCAQMD conducted public work group meetings throughout the State in spring 2019 to seek input on the application

process and requirements, with the intent of developing a streamlined funding process. SCAQMD expects to release the first statewide \$27 million installment (30 percent of the allocation for this project funding category) in summer 2020.

To cover current costs, and in anticipation of upcoming costs, the Trustee has approved and disbursed \$6,750,000 for vehicle purchases and \$1,350,000 for administrative costs. Since inception, the project administrator has expended about \$700,000 of the amount disbursed for administrative costs through December 2019. This includes, but is not limited to, staffing costs for statewide public work group meetings, application process development, travel, outreach (including website development), developing a database for tracking fund distribution and emission reductions, recordkeeping, and reporting.

ZERO-EMISSION FREIGHT AND MARINE PROJECTS: \$70 MILLION



Funding for this category will be used to replace eligible airport ground support equipment (GSE), forklifts, and port cargo handling equipment with new, commercially available, zero-emission technologies and to install oceangoing vessel shore power systems at port terminals. Zero-emission repowers for ferries, tug boats, and tow boats are also eligible. The goal of this project category is to maximize NOx reductions by funding the most cost-effective zero-emission freight or marine projects.

These funds are being administered in two equal increments of \$35 million, two years apart, so that CARB can monitor progress and adjust the implementation of the project as needed. Vehicle or equipment owners will be eligible to apply for funding via competitive solicitation. At least 75 percent of this allocation will benefit low-income or disadvantaged communities.

The Bay Area Air Quality Management District (BAAQMD) is administering this funding category statewide. BAAQMD conducted public work group meetings throughout the State in spring 2019 to seek input on the solicitation process and requirements. BAAQMD expects to release the solicitation for the first statewide \$35 million installment in spring 2020.

To cover current costs, and in anticipation of upcoming costs, the Trustee has approved and disbursed \$1,750,000 for administrative costs. Since inception, the project administrator has expended about \$250,000 of the amount disbursed for administrative costs through December 2019. This includes, but is not limited to,

staffing costs for statewide public work group meetings, solicitation and application process development, travel, outreach (including website development), developing a database for tracking fund distribution and emission reductions, recordkeeping, and reporting.

COMBUSTION FREIGHT AND MARINE PROJECTS: \$60 MILLION

Funding for this category will be used to replace eligible Class 7 and 8 freight trucks, including waste haulers, dump trucks, and concrete mixers, or their engines, freight switcher locomotives or their engines, and ferry, tugboat, and towboat engines, with the cleanest commercially available



internal combustion or hybrid technologies. The goal of this project category is to maximize NOx reductions by funding the most cost-effective, lowest emission engine projects. Eligible trucks may be replaced or repowered with low NOx engines only.

This category funding is being allocated in two installments of \$30 million each, two years apart, so that CARB can monitor progress and adjust as needed. Vehicle or equipment owners will be eligible to apply for funding via competitive solicitation. Staff expects that at least 50 percent of this allocation will benefit low-income or disadvantaged communities.

SCAQMD is administering this funding category statewide. SCAQMD conducted public work group meetings throughout the State in spring 2019 to seek input on the solicitation process and requirements. SCAQMD released the solicitation for the first statewide \$30 million installment in December 2019, with a closing date in March 2019.

To cover current costs, and in anticipation of upcoming costs, the Trustee has approved and disbursed \$1,500,000 for administrative costs. Since inception, the project administrator has expended about \$470,000 of the amount disbursed for administrative costs through December 2019. This includes, but is not limited to, staffing costs for statewide public work group meetings, solicitation and application process development, travel, outreach (including website development), developing a database for tracking fund distribution and emission reductions, recordkeeping, and reporting.

LIGHT-DUTY ZERO-EMISSION VEHICLE INFRASTRUCTURE: \$10 MILLION



Funding for this category will be used for fueling infrastructure for light-duty zero-emission vehicles (ZEVs), with a target of \$5 million for charging stations and \$5 million for hydrogen fueling stations. This allocation will provide funding to help purchase, install, operate, and maintain new charging stations for battery electric vehicles.

Staff will encourage applicants to combine this funding with other available funding sources at the state, federal, and local level. These funds are being administered statewide using a competitive process and will support projects that meet the fueling needs of a growing ZEV fleet and help fill gaps not met by other funding programs. At least 35 percent of this allocation is expected to benefit low-income or disadvantaged communities.

BAAQMD is administering this funding category statewide. BAAQMD conducted public work group meetings throughout the State in spring 2019 to seek input on the application process and requirements. BAAQMD and CARB staff have been working with the California Energy Commission, the Governor's Office of Business and Economic Development, and other agencies to coordinate funding efforts. The \$5 million in funding for hydrogen fueling stations will augment the \$45.7 million that is currently available through the California Energy Commission's grant funding opportunity being released in January 2020. BAAQMD expects to release a statewide solicitation for the \$5 million in funding for charging stations in spring 2020.

To cover current costs, and in anticipation of upcoming costs, the Trustee has approved and disbursed \$1,000,000 for administrative costs. Since inception, the project administrator has expended about \$35,000 of the amount disbursed for administrative costs through December 2019. This includes, but is not limited to, staffing costs for statewide public work group meetings, solicitation and application process development, travel, outreach (including website development), developing a database for tracking fund distribution and emission reductions, recordkeeping, and reporting.

RESERVE: \$63 MILLION

The Beneficiary Mitigation Plan allocates \$63 million for a reserve that will be used to cover administrative costs associated with implementing the project funding categories above and to fund additional projects. The Consent Decree allows

expending up to 15 percent of the State’s allocation on administrative costs. CARB does not expect to use the entirety of those funds on administration; the amount has been reserved to also provide funding for additional projects to ensure meeting the NOx mitigation target. Any interest earned from the Trust will also be placed in this category to be used to fund additional projects and corresponding administrative costs. Interest earned by project administrators will be calculated separately and will remain within each respective project funding category, with 90 percent going towards projects and 10 percent towards associated administrative costs.

As indicated in the project funding category descriptions above, California’s three largest air districts are administering, on a statewide basis, the project funding categories shown in Table 10. Each of these air districts have extensive experience administering public funds for air quality improvement programs and are well-suited for the respective project funding categories.

Table 10: Project Funding Category Statewide Administration

Eligible Mitigation Action Project Funding Category	Statewide Administrator
Zero-Emission Freight and Marine Projects	Bay Area Air Quality Management District
Light-Duty Zero-Emission Vehicle Infrastructure	
Zero-Emission Transit, School, and Shuttle Buses	San Joaquin Valley Air Pollution Control District
Zero-Emission Class 8 Freight and Port Drayage Trucks	South Coast Air Quality Management District
Combustion Freight and Marine Projects	

Administrators are responsible for a wide range of tasks associated with implementing funding from the project funding categories. These include, but are not limited to, conducting public meetings to determine implementation details and funding application requirements; outreach, including targeted outreach for low-income or disadvantaged communities; developing solicitations or application materials; processing and scoring applications for project selection; tracking expenditures; calculating actual emission reductions; conducting inspections for scrapped vehicles and engines; record keeping; and reporting to CARB. CARB will oversee project administration and will conduct programmatic reviews and fiscal audits.

TOTAL EXPENDITURES

Table 11 includes an accounting of the State's Trust funds for this first reporting period. As of December 31, 2019, no expenditures have occurred for vehicles, engines, or equipment, as the projects are still in the early stages of implementation, and solicitations are still being released for some of the categories. For each project funding category, the table includes the beginning balance (proposed expenditures), the actual expenditures, and the remaining balance. In this report, "actual expenditures" refers to amounts disbursed to the State or its third party administrators from the Trust. It is important to note that California's allocation of the national Trust was \$422,636,320, which has been rounded for the sake of the Beneficiary Mitigation Plan and this report to \$423 million. Therefore, the project funding category amounts were also rounded.

All states who are beneficiaries of the Trust have balances that are subject to fluctuations based on the Trustee's investment of the monies and their market value, as well as fees and other Trust-related expenses. The "Cumulative Totals" shown at the bottom of the table reflect the original amount of California's allocation, the total cumulative amount of net earnings from the Trust through December 31, 2019, the total cumulative amount expended through December 31, 2019, and the total funds remaining (closing market value with accrued income). The table also includes the remaining balance at the beginning of the current reporting period, as reported by the Trustee on January 1, 2019, reflecting the opening market value with accrued income; the amount of net earnings in the current reporting period; the amount of State expenditures in the current reporting period; and the ending balance (closing market value with accrued income). All amounts in Table 11 are rounded to the nearest dollar.

Table 11: California’s VW Mitigation Trust Expenditures

Project Funding Category	Amounts/Expenditures	Description	Status
Zero-Emission Transit, School, & Shuttle Buses	Begin: ¹ \$130,000,000 Expended: \$16,250,000 Remaining: \$113,750,000	Replace existing diesel buses with zero-emission technologies; no more than 50% of funds to one bus category; first-come/first-served.	First \$65 million statewide installment was released in October 2019; contracts for vehicle purchases are underway.
Zero-Emission Class 8 Freight and Port Drayage Trucks	Begin: ¹ \$90,000,000 Expended: \$6,750,000 Remaining: \$83,250,000	Replace existing diesel Class 8 freight and port drayage trucks with zero-emission technologies; first-come/first-served.	First \$27 million statewide installment expected to be released in summer 2020.
Zero-Emission Freight and Marine Projects	Begin: ¹ \$70,000,000 Expended: \$0 Remaining: \$70,000,000	Fund most cost-effective, zero-emission projects in freight and marine sectors; competitive solicitation.	Solicitation for first \$35 million statewide installment expected to be released in spring 2020.
Combustion Freight and Marine Projects	Begin: ¹ \$60,000,000 Expended: \$0 Remaining: \$60,000,000	Fund most cost-effective, clean combustion projects in freight and marine sectors; competitive solicitation.	Solicitation for first \$30 million statewide installment was released in December 2019, with a closing date in March 2020.
Light-Duty Zero-Emission Vehicle Infrastructure	Begin: ¹ \$10,000,000 Expended: \$0 Remaining: \$10,000,000	Purchase, install, operate, and maintain new charging and fueling stations for light-duty zero-emission vehicles.	Statewide solicitations for hydrogen stations (\$5 million) and for charging stations (\$5 million) expected to be released in early 2020.
Reserve (including administrative costs)	Begin: ¹ \$63,000,000 Expended: \$8,850,000 Remaining: \$54,150,000	Fund administrative costs for above projects; fund additional projects needed to meet NOx emission reduction target.	CARB and statewide administrators are currently engaged in initial implementation, including project administration, recordkeeping, and reporting.
Cumulative Totals:	Begin: \$422,636,320 Earned: ² \$13,057,193 Expended: \$31,850,000 Remaining: \$403,843,513	Current Reporting Period (1/1/2019 through 12/31/2019):	Begin: \$425,367,541 Earned: ² \$10,325,972 Expended: \$31,850,000 Remaining: \$403,843,513

¹ The beginning amounts for each project funding category are those reflected in the Beneficiary Mitigation Plan; the Plan used rounded numbers to correspond to California’s rounded total Trust allocation of \$423 million. All other amounts in the table above are rounded to the nearest dollar.

² The net amount of earnings after subtracting fees and other Trust-related deductions.

LOW-INCOME OR DISADVANTAGED COMMUNITY BENEFITS

As shown in Table 8, each project funding category will meet or exceed the 35 percent target set by SB 92 for benefiting low-income or disadvantaged communities. In fact, CARB expects more than 50 percent of California's Trust allocation will benefit these communities that are disproportionately impacted by air pollution. Project funding categories that are competitively solicited will include criteria requiring low-income or disadvantaged community benefits. For first-come, first-served project funding categories, staff based its projections on an evaluation of historical participation data from other first-come, first-served zero-emission heavy-duty vehicle incentives. As projects are implemented and funds are expended, CARB staff will track and annually report these benefits for each project funding category.

In order to maintain consistency with legislation that defined low-income and disadvantaged communities and California Climate Investment implementation, staff will use the low-income and disadvantaged community designations previously made by the California Environmental Protection Agency (CalEPA) with the California Communities Environmental Health Screening Tool 3.0 (CalEnviroScreen), as well as guidelines CARB continues to develop for State agencies implementing California Climate Investments. Project implementation is in its preliminary stages, and vehicle and equipment deliveries have not yet begun as of this report. However, during Beneficiary Mitigation Plan implementation, CARB staff will monitor fund expenditures and track low-income and disadvantaged community benefits. Future annual reports will include an ongoing assessment of these expenditures and benefits.