



Connecticut Department of Energy and Environmental Protection



Volkswagen Proposed Partial Consent Decree

August 11, 2016
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Mobile Sources Group



Connecticut Department of Energy and Environmental Protection

Background

- 2008** – Stronger diesel standards go into effect
- 2009** – VW starts installing defeat software to identify federal test procedures and alter performance
- 2014** – Independent testing by researchers at WVU publish results detailing “significantly higher in-use emissions” than certified levels for 2012 Jetta TDI
EPA and CARB begin investigating



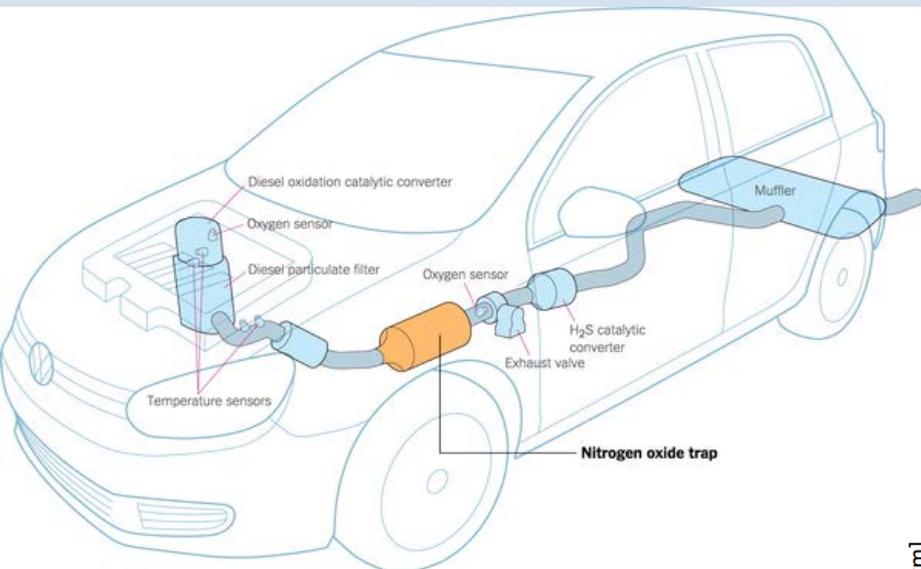
Background

September 3, 2015

- VW admits to using software that “recognizes” federal test procedures and alters performance
- VW says 11 million vehicles affected globally
- Vehicles produce 10-40 times more NO_x than reported



Background



Left: Emissions system diagram with NO_x trap highlighted

Below: Findings from the ICCT/ WVU study showing NO_x emissions relative to EPA standard

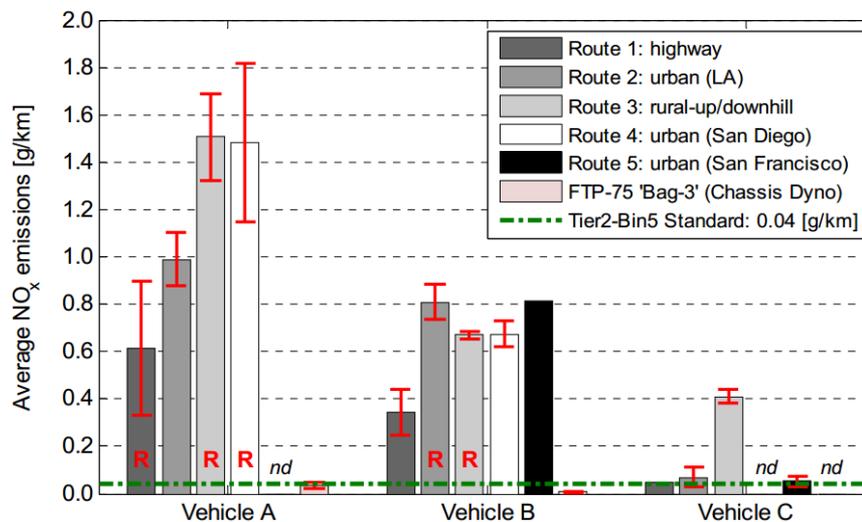


Figure 4.3: Average NO_x emissions of test vehicles over the five test routes compared to US-EPA Tier2-Bin5 emissions standard; repeat test variation intervals are presented as $\pm 1\sigma$; Route 1 for Vehicle A includes rush-hour/non rush-hour driving, 'R' designates routes including a test with DPF regeneration event, 'nd' - no data available



Affected Vehicles

2009 VW Jetta, VW Jetta SportWagen

2009 VW Jetta, VW Jetta SportWagen

2010 VW Golf, VW Jetta, VW Jetta SportWagen, Audi A3

2011 VW Golf, VW Jetta, VW Jetta SportWagen, Audi A3

2012 VW Golf, VW Jetta, VW Jetta SportWagen, Audi A3

2012 VW Passat

2013 VW Beetle, VW Beetle Convertible, VW Golf, VW Jetta, VW Jetta SportWagen,
Audi A3, VW Passat

2014 VW Passat

2015 VW Beetle, VW Beetle Convertible, VW Golf, VW Golf SportWagen, VW Jetta,
VW Passat, Audi A3

Estimated to be 9,401 VW/Audi TDI Vehicles with 2.0L engines in Connecticut



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Proposed Settlement Agreement

Three Elements of Proposed Settlement Relief

Vehicle Buyback and Recall (\$10.03 Billion)

ZEV Investment Commitment (\$2.0 Billion)

Emissions Mitigation Trust (\$2.7 Billion)



Vehicle Buyback and Recall

- Buyback – VW must offer to buyback or perform emissions modification of effected vehicles
 - open for 2 years
- Buyback would be at “retail replacement value”
 - Cost of a retail purchase of a comparable replacement vehicle of similar value, condition, and mileage
- Emission Modification Recall
 - Target rate of 85% of vehicles that are not bought back, failure to meet goal would require additional emission mitigation trust contributions
 - These vehicle owners will also get a cash payment from VW as compensation for VW’s deceptive advertising



ZEV Investment Commitment

- California ZEV Investment Plan
 - \$800 Million (spend rate of \$200 million every 30 months)
- National ZEV Investment Plan
 - \$1.2 Billion (spend rate of \$300 million every 30 months)
- Eligible Projects
 - Process remains under VW's control (w/ EPA approval)
 - National ZEV Outreach Plan to EPA after solicitation of comments
 - Projects include installation of ZEV infrastructure, brand neutral education and public outreach, and programs to increase public exposure to ZEVs



Emission Mitigation Trust

- A national trust for NOx mitigation projects
- Each state granted a proportional amount
 - CT is allocated \$51,635,237.63 over 10 years for NOx mitigation projects (Caps at 1/3 in 1st year, 2/3 in second year)
 - Decree specifies processes and requirements related to funding release
- Eligible projects include:
 - scrappage or repower of certain heavy duty vehicles, buses, freight switching locomotives, ferries, and airport ground support equipment, shore power projects, and installation of ZEV supply equipment (Capped at 15% of total allotment)



Timing & Unresolved Issues

- US District Court for N. District of CA (San Francisco) retains jurisdiction over this case
- DOJ accepted public comments on the partial consent decree until August 5, 2016
- Anticipate decree goes final October 2016
- This is a partial settlement b/c it does not address 3.0L TDIs nor does it address environmental civil penalties
- More info at VWCourtsettlement.com



Questions?



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