

**Alaska Energy Authority - Volkswagen Settlement**

**FY2023 Request: \$400,000**  
**Reference No: 61842**

**AP/AL:** Appropriation **Project Type:** Life / Health / Safety  
**Category:** Transportation  
**Location:** Statewide **House District:** Statewide (HD 1-40)  
**Impact House District:** Statewide (HD 1-40) **Contact:** Curtis W. Thayer  
**Estimated Project Dates:** 07/01/2022 - 06/30/2027 **Contact Phone:** (907)771-3000

**Brief Summary and Statement of Need:**

The Alaska Energy Authority (AEA) is seeking statutory designated program receipt authority for the administration and disbursement of \$400,000 in interest earnings from the Volkswagen (VW) Settlement environmental mitigation trust.

| <b>Funding:</b>    | <u>FY2023</u> | <u>FY2024</u> | <u>FY2025</u> | <u>FY2026</u> | <u>FY2027</u> | <u>FY2028</u> | <u>Total</u> |
|--------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| 1108 Stat<br>Desig | \$400,000     |               |               |               |               |               | \$400,000    |
| <b>Total:</b>      | \$400,000     | \$0           | \$0           | \$0           | \$0           | \$0           | \$400,000    |

|   |  |                                       |   |                                  |
|---|--|---------------------------------------|---|----------------------------------|
| <input type="checkbox"/> State Match Required | <input checked="" type="checkbox"/> One-Time Project | <input type="checkbox"/> Phased - new | <input type="checkbox"/> Phased - underway  | <input type="checkbox"/> Ongoing |
| 0% = Minimum State Match % Required           |  | <input type="checkbox"/> Amendment    | <input type="checkbox"/> Mental Health Bill |                                  |

**Operating & Maintenance Costs:**

|                      | <u>Amount</u> | <u>Staff</u> |
|----------------------|---------------|--------------|
| Project Development: | 0             | 0            |
| Ongoing Operating:   | 0             | 0            |
| One-Time Startup:    | 0             | 0            |
| <b>Totals:</b>       | <b>0</b>      | <b>0</b>     |

**Prior Funding History / Additional Information:**

Sec4 Ch2 SLA2018 P6 L8 HB321 \$8,125,000

The amount of interest earned on funds from the 2016 Volkswagen Settlement environmental mitigation trust, estimated to be \$400,000, is appropriated to the Department of Commerce, Community, and Economic Development, Alaska Energy Authority, for activities related to the Volkswagen Settlement.

**Project Description/Justification:**

On January 24, 2016, the United States and the State of California filed a lawsuit against VW alleging it had manufactured diesel cars sold and operated in the U.S. beginning in 2009 with systems intended to defeat emissions tests. These systems allowed vehicles to emit nitrogen oxide (NOx) pollution at levels that significantly exceeded the amounts allowed under the Clean Air Act. As part of the settlement, VW established an Environmental Mitigation Trust, and Alaska was allocated \$8.125 million dollars. The Trust has earned about \$400,000 in interest, for which AEA is now requesting receipt authority, to fund additional eligible mitigation actions. AEA was designated as the lead State agency to oversee how Alaska’s allocation is distributed and spent. As required, AEA developed a Beneficiary Mitigation Plan through a public process that summarizes how the State allocation of mitigation funds will be distributed among the various eligible mitigation actions to reduce NOx emissions. The Plan was approved by the Trustee and AEA has disbursed or committed funds for the replacement of 33 old diesel school buses, one public transit bus, and several gensets used for prime power in rural villages, and for the development of EV charging stations. AEA will submit funding

requests for selected projects to the Trustee for approval.