

# SB-4 Would Raise CHEAPR MSRP Cap

## Omnibus Transportation and Energy Committee Bill Includes Support for EVs

Aside from SB-214 that would enable direct EV sales, there was another significant bill that advanced to the full chamber in SB-4 which passed by a committee vote of 23 – 11.

### CHEAPR

Changes to the state EV purchase-incentive program, CHEAPR, are one aspect of the bill.

- The MSRP cap for eligible vehicles is raised to \$50,000.
- The budget of the program is being increased, though an exact amount is not specified.
- Changes are coming to incentives designed for income-limited individuals that will broaden eligibility and raise the incentive. The current formulation has had a very low take-rate. If a way can be found so that it can be cash on the hood as is the case with the standard incentive, that would also help. There are incentives for both new and used EVs.
- There will be an e-bike incentive of \$500 for individuals who are income-limited or live in an environmental justice community. Eligible bikes have a price cap of \$2000. (There is some discussion regarding whether that cap is unrealistically low.)
- Currently, CHEAPR incentives are only available to residents. This bill expands it to include businesses, municipalities, non-profits, and tribal entities. It

entitles them to up to 10 rebates in a single year with a total cap of 20.

- The CHEAPR Board is changing. The specifics of who is eligible to be appointed are being modified. The board is losing some agency and becomes an advisory board.

DEEP released a discouraging stat that only 34% of eligible vehicles are being sold with a rebate. This number starts with June of 2021, so the lifetime cap would not be an issue. There could be a few reasons for this, but at the risk of being IF0, this is a point of sale rebate and the point of sale is the dealership. According to the Center for Sustainable Energy, the consultant that runs the program for DEEP, Tesla has the rebate integrated into its checkout flow. The dealers should do the same, and in general be more proactive about educating customers about the program.

## **These are some of the other items in SB-4:**

- Right to charge language that would make it easier for residents of multi-unit dwellings to be permitted to install a charger.
- A requirement that any state funded project not contribute to emissions, either directly or via an offset.
- Mandates to increase the electrification of the state vehicle fleet until it covers 100% of the fleet by 2030.
- Funding for the installation of EV charging stations in the rural areas of the state that are not likely to benefit from the Infrastructure Bill funding, which focuses on major highway corridors.
- School bus contracts would be permitted to be extended to 10 years from the current 5, making the numbers pencil out for electric.
- A prohibition on purchasing/leasing diesel transit buses beginning in 2024.

Passing out of committee is just the first step. However, SB-4 has 56 sponsors and is thought to have a high likelihood of becoming law.

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# Direct Sales Bill Passes Out of Committee

## SB-214 Passes with 21 Votes

SB-214 has passed the Transportation Committee by a vote of 21-14. To see how individual members voted, check out the tally on the [committee website](#).

Legislators are offered time to comment before the vote is taken and several took the opportunity.

Representative Devin Carney (R) (Ranking Member), who is a no vote, said that there is no longer a need because dealerships are now selling EVs, a change from several years ago. He opined that Tesla is a legitimate company, but that other, newer entrants like Rivian and Lucid, with their difficulties in ramping production, are not, and thus do not deserve this “carve-out.” He also objected to characterizations made of the legacy companies that they don’t care about the environment, and cited some of the challenges of sourcing the materials necessary for battery manufacturing from places like the

Democratic Republic of the Congo.

Representative Jonathan Steinberg (D), a longtime supporter of direct sales, said this year's bill was an improvement over past bills. (The bill is restricted to battery electric vehicles and is no longer just a Tesla bill). Steinberg notes that the dealers say that direct sales will hurt their businesses but that the data from states where direct sales is legal just don't support that conclusion. He thinks the entire auto purchasing relational experience will change, that it's about competitiveness, and that this bill supports consumer choice. Interestingly, he said that he would support a bill that goes further than this one and do away with the franchise laws entirely.

Representative Stephen Meskers (D) said he was a yes because "at some level, the markets should decide." His main concern was about whether this would extract profits from the state and vowed to engage with Tesla and the other companies to push them to maximize their investment in CT, including vocational-technical training.

Senator Henri Martin (R), voting no, complained that he doesn't understand why this bill keeps coming back year after year. He feels that this bill does not protect consumers, questions whether there will be adequate servicing facilities, and that it comes down to having two sets of laws.

The actual committee vote was more bipartisan than the above comments might indicate. However, as best we know, last year there were no Republican votes in the Senate for this bill (since the bill didn't get called, there was no recorded vote). That is something we hope to see change.

Bills similar to SB-214 have made it out of committee in the past but haven't made it across the finish line. The Senate is the next stop for SB-214.

We think that Representative Steinberg is spot on. This

industry is changing but it needs to change faster. Consumers overwhelmingly [support](#) this legislation. Now is the time to tell your legislators that you support the free-market and consumer choice, and that the current, antiquated laws are holding back EV adoption.

You can use [this page](#) to find your state senator and representative.

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## **Aptera to Speak to the Club on April 12th**

### **Aptera, Maker of Unique “AutoCycle” 3-Wheeled EV, to Present to EV Club**

Save the date – April 12th, via Zoom at 7 PM. Registration link:

<https://us02web.zoom.us/meeting/register/tZ0pc0qhrjotGtdliZAh1NAaQBItwYud3A1t>

Aptera, a lightweight, extremely aerodynamic vehicle with integrated solar has an electric range of from 250 miles with the base trim level (\$25,900), up to 1000 miles at the highest of the 4 trim levels (\$50,700). It has a drag coefficient of .13 (Tesla Model 3 is .23) and the ability to charge as much as 40 miles on a sunny day.

We have asked Aptera if they will bring one to CT so we can see it up close and possibly take it for a spin. They are not yet to that point, but our interest is noted.

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# **Westport Directive To Purchase EVs**

## **A Directive to Consider Vehicle Emissions Prior to Acquiring a Vehicle**

Westport has been a leader in electric vehicle acquisition, both in terms of its residents making it the number one Connecticut city in EVs on a per capita basis and the municipality acquiring electric vehicles for official use. As of this writing, the Westport Police Department has 6 plug-in vehicles and the Town has 2. (Subsequent to the directive being issued, the WPD acquired a second Tesla, a Model Y, for use as a patrol car.)

## **Sustainable Connecticut Certification**

The impetus for this directive was the work being done that ultimately enabled Westport to be one of 12 cities earning a Silver Certification (highest level awarded) from [Sustainable Connecticut](#). While this directive may not have the force of an ordinance, it was done expeditiously, and from what we know is being taken seriously.

## **Text of Directive**

“The Town of Westport, with the Police Department at the lead,

has changed its policy on acquiring vehicles. Prior to 2019 the Town rarely took into account vehicle emissions or efficiency (Miles Per Gallon, etc) prior to acquiring a vehicle. The upfront cost of the vehicle was priority, and total cost of ownership/use was not considered.

At this time the municipality requires all departments to follow the Municipal Fleet Improvement Strategy prior to choosing a vehicle. The Town owns or leases, in addition to the Tesla 3, two plug-in hybrid Toyota Priuses, two all-electric Chevrolet Bolts, one electric BMW I-3.

The Town of Westport and its departments recognize that Internal Combustion Engine (ICE) vehicles negatively influence air quality and emit particulate matter (PM), nitrogen oxides (NOx), and volatile organic compounds (VOCs). The American Lung Association states:

- *Fairfield County remains the most polluted County in the New York-Newark metro area, 21 days of unhealthful levels of ozone. It also has the highest ozone readings in the eastern US.* <https://www.lung.org/media/press-releases/connecticut-sota-2021>

The Town and its departments, in an effort to decrease its contribution to such pollutants and to work toward the Town goal of Net Zero by 2050, follows this Municipal Vehicle Strategy:

With the replacement of every vehicle, or the addition of a vehicle to the municipal fleet, consideration will be given to the viability of an electric vehicle or hybrid vehicle over an Internal Combustion Engine vehicle.

The following will be considered when addressing viability:

Vehicle features (size, capability, performance, safety),  
vehicle emissions, equipment

specifications, mileage efficiency, economic viability/cost (both upfront cost and total cost of ownership including fueling, maintenance, etc.), ancillary equipment needs (e.g. ambulance equipment, EV charger).

If you have any further questions, please do not hesitate to contact the Finance Department.”

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## **The Tribulations of Buying An EV From A Dealership – Lived Experience**

This is an email that was sent to the EV Club on March 9, 2022 by a member, Svetlana Wasserman, from Greenwich. It is the text of a letter that she sent to her CT State Representative, reprinted in full with her permission. It speaks for itself.

### **EV Direct Sales**

I just wanted to share with you the letter I sent to my representative, Harry Arora:

Dear Representative Arora,

I'm writing to you with regard to the direct sales of electric vehicles bill, SB214. It is my great chagrin that this bill, which is a commonsense, free market, pro-consumer bill to allow manufacturers of electric vehicles to sell their cars directly to customers, has not yet passed. I have watched year after year as the lobbyists for the traditional dealerships claim that the direct sales bill is anti-consumer.

Please allow me to share my experience of attempting to buy an electric vehicle from a traditional dealer.

When I was shopping for an electric vehicle in 2020, like most auto-shoppers, I wanted to see it and test drive it. I called



the Hyundai dealer in Stamford and asked if they had the Kona in stock. They did not. I asked them which dealership had the Kona. They said they could not tell me because each dealership is its own franchise and they did not share a database. They did tell me that if I was ready to place the order right now, they could have one delivered for me. I explained that I was not about to buy a car sight unseen.

Next I called the White Plains Hyundai. They did not have it in stock either. So I called the Fairfield Hyundai, and received the same answer. I begged to speak to a manager, and after explaining what I had been through, he offered to do some research to find which Hyundai dealer had the Kona in stock and call me back. When he called back he told me that the Hyundai in ALBANY, NY had a Kona in stock, and would I like to make an appointment to see it?

I asked this manager why it is so hard to see and test drive their electric vehicle. He told me it was because very few customers are buying it. Well, I wondered, how are customers going to be buying it when they can't even see it?

Next I tried to test drive the Kia Niro at the dealership in Stamford. This time I was lucky because they had it in stock. When I arrived for my appointment, there was a bit of confusion because no one knew where the car was. Eventually, they found it...at a parking lot in another location. Someone drove over to get it, and after 30 minutes of this kerfuffle, the car showed up. After a very brief overview...because the dealer admitted she did not know much about this car...she turned it over to us to test drive. Except there was one problem. The car was at 7% battery and was sounding all kinds of alarms about being at low battery. Unfortunately, our dealer had no idea where the charge port was, and a second commotion ensued as the staff tried to find someone who knew how to charge the car. Eventually, they found a gentleman who did, and he asked us if we would like to test drive one of their gas models while we wait for the electric Niro to charge up.

Needless to say, we did not buy the Kona or the Niro from the traditional CT dealers. We drove across the border to Mt. Kisco, NY where we were able to test drive a Tesla and have a pleasant experience, and lunch in a NY restaurant to boot.

I don't know why the auto dealers do such a terrible job

promoting electric cars. Perhaps they just don't know enough about them. Or perhaps they understand that sales of EVs harm their bottom line on the auto repair side of their business because electric vehicles require virtually no maintenance. I've driven EV's for ten years and never had to do anything more than change the tires.

So if the dealers want to come before you and tell you they oppose this bill because they don't want competition from EV manufacturers, or they don't give a hoot about lowering emissions or meeting our state's greenhouse gas targets, or they don't want to promote job creation from the opening of new EV dealerships, that's fine. Just please don't let them tell you they are doing it to protect consumers.

I hope that you will do your utmost to help pass SB214 this year.

Kindly,

Svetlana Wasserman

Greenwich

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## **Registering for Utility Incentives Via Telematics – Latest Update**

### **EV Club Follow Up with Eversource and UI**

This post concerns vehicles with telematics. Telematics is where the utility is able to communicate directly with the vehicle, as opposed to a smart charger, the latter being the basic design of the program. This information has been developing, and in some cases, changing. This is the latest. Here goes.

The basic design of the program is to provide subsidies of up to \$1000 for the purchase and installation of smart chargers. In return, the recipient is required to participate in the demand response programs where the utility can throttle the rate of charge during high demand periods. The utility pays then the customer \$200 annually for full participation in the demand response.

One thing that is different than what is in the video of our meeting is that all vehicles, including Tesla, are eligible for a smart charger subsidy. At this time, there are no approved Tesla chargers in the program. That could change if Tesla chooses to submit a charger for qualification (or possibly they have and it is in the approval process). Tesla owners can use an eligible J1772 smart charger and qualify for the hardware incentive. Of course, an adapter will be necessary.

For those people who already have chargers that are not qualified chargers because they are either dumb chargers or non-approved smart chargers, another way to participate in the program is via telematics, if you have an eligible vehicle. Tesla, Chevrolet, Ford and a few other makes have eligible vehicles. This is the [page](#) that lists eligible vehicles for each company. It is subject to change and is expected to change as this is still early days. There is a \$100 enrollment incentive for people participating via telematics.

## **Registering for Telematics**

**Registering for this telematics path is difficult and confusing** at this point because Eversource and UI are still in the process of building out their websites and back-end integration. The back-end part of it is further complicated because there are two external vendors involved. One vendor is managing the rebates. The other is managing the telematics. Both utilities are using the same vendor for the rebates, but

they are using different vendors for telematics. Consequently, there will be different vehicles that are telematics-eligible for each utility. While it is possible to stumble your way through the process, it is better to wait for the time being. As long as the program registration is done before June, no incentive amount will be lost.

We have provided detailed feedback to the utilities about the pain points in the registration funnels as they exist now.

In the case of Eversource, there is yet another layer because it is retaining its Connected Solutions branding and transitioning it to the new program. This process is not complete and there is old content still on the website. It is possible to link to that old content from the homepage and you may find yourself answering questions that are non-sequiturs. Some members have reported landing on a Massachusetts page. This is all part of the same problem, and the advice is the same – wait.

When we booked the virtual club meeting about this program for early in the year, we did not realize that there was still be a lot of developmental work to be done by the utilities to get to full implementation. Eversource and UI have advised us that in about a month, they will be able to give us more definitive information regarding the specifics of a more consumer-friendly telematics registration funnel and we will communicate that out when we have them.

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# **Rapid Acceleration of EV**

# Adoption Needed to Meet State's Goal

## Time to Get Moving

There have been any number of data-focused posts on this blog tracking the details of EV adoption in our state, not to mention references to the goals the state has set for itself via the MultiState ZEV Action Program Memorandum of Understanding. If the goal of a half-million registered EVs by 2030 were to be realized, it would represent roughly 20%, perhaps a bit less, of the entire statewide light-duty fleet. As each year goes by, the trend line has not been rising fast enough. The simple image above shows the historical trend beginning with our first data dump from the DMV in 2017 (blue), to the most current data point (orange), and then onto what the slope would need to be (magenta) for us to achieve the 150,000 interim goal by 2025, along the way to the final 500,000, calculated on a straight line basis. The chart goes to January 2031, which is the same as December 31, 2030. We need every day we can get.

We also need the right policies, such as [direct sales](#) and a more aggressive [CHEAPR program](#). Direct sales has come before the legislature numerous times in the past without passing. If SB 214 has been brought up before the committee, it means it most likely has enough votes to pass out of committee. What happens next is harder to predict. We only know that if you don't try, it won't happen. We also know that there are more EV owners and advocates every year. The direct sales blog post has information about how you can help.

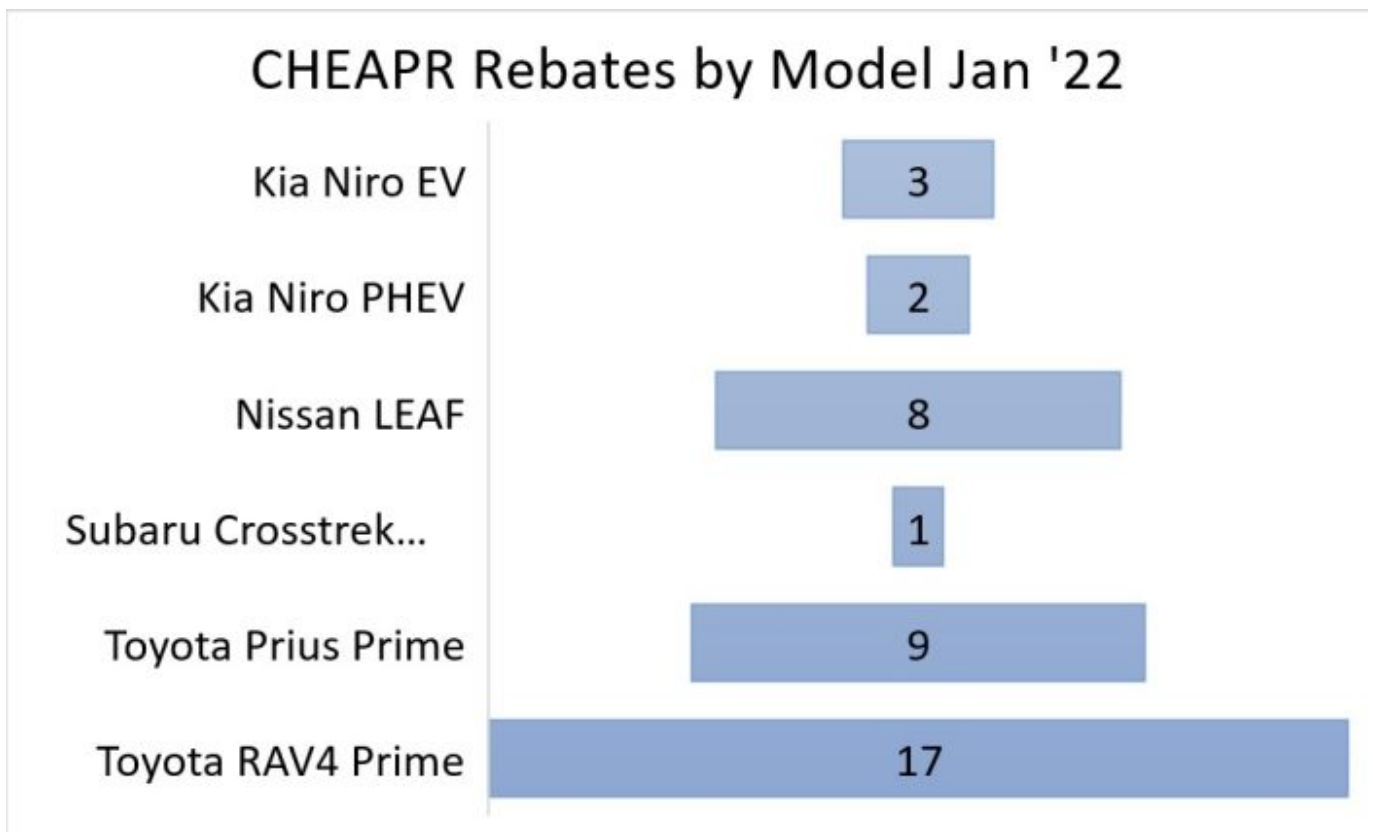
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# Changes Coming to CHEAPR?

## Help Needed to Remedy Persistently Low Rebate Levels

As can be seen in the chart at the top, the rebate count for January was exceedingly low with only 40 rebates, just over half of the low number of 78 from January 2021.

Continuing recent trends, the Toyota RAV4 Prime plug-in hybrid dominated with 17 rebates, with PHEVs overall accounting for 28 of the 40 rebates.



Some changes could be afoot if SB-4, raised jointly by the Transportation and Environment Committees of the legislature, become law. There are several CHEAPR-related provisions

included in the draft text. This is the description to the best of our knowledge.

## **Environmental Justice Focus**

There is a statement of purpose now that focuses on environmental justice communities and lower income individuals. It is phrased as, "The commissioner shall prioritize the granting of rebates to residents of environmental justice communities, residents having household incomes at or below three hundred per cent of the federal poverty level, and residents who participate in state and federal assistance programs, including, but not limited to, the state-administered federal Supplemental Nutrition Assistance Program, state-administered federal Low Income Home Energy Assistance Program, or a Head Start program established pursuant to section 10-16n. The program shall provide rebates of five thousand dollars to residents of environmental justice communities."

This represents a loosening of rules for income limited individuals, often referred to by the shorthand LMI. Currently, only participants in state and federal assistance plans are eligible for the Rebate+ incentives and very few have been used. There were zero in January. This expansion to 300% of the federal poverty level should expand the pool. The poverty level for a family of 4 is \$27,750. Aside from an overly limited applicant pool, the rebate+ incentives arguably suffer from being awarded after the fact. If that can be addressed, it would be up to DEEP and the board to determine the process.

The LMI incentive is increased to \$5000. Currently, a BEV carries a total incentive of \$4250. It is not clear if \$5,000 applies to everything.

## **Standard Rebate and Higher MSRP Cap**

The standard rebate still exists and the rules are below.

MSRP cap increase to \$50,000. This is the level where it was before being lowered in 2019 to \$42,000, which began the chronic underspending and has more recently resulted in a program tilted heavily toward PHEVs. For example, over the past 4 months, BEVs accounted for 30% of CHEAPR rebates, but represent 59% of all registered EVs.

While the EV Club has pushed for a restoration of the \$50,000 level for the past couple of years, in the current inflationary environment, it arguably could be higher. The average transaction price of an EV, according to Kelly Blue Book, is \$56,437 (excluding Tesla). The marketplace has blown through the cap level.

## **Inclusion of Fleets**

Expansion of program to include municipalities, businesses, organizations, and tribal entities. These organizations are entitled to up to 10 rebates per year up to a max total of 20. Organizations located in an environmental justice community can receive more at the discretion of the DEEP Commissioner. This could be a big help.

## **eBikes**

eBikes are now included with a rebate of \$500 for a bike costing no more than \$2,000. In the Transport Hartford/Center for Latino Progress meetings, they have said that \$2,000 isn't enough for a quality bike. We support eBike rebates, along with their efforts to advocate for a higher price cap.

## **Higher Budget**

The CHEAPR budget established in the 2019 legislation is \$3MM



per year, which has been underspent since the day it started. With the expansion of incentives described in this post, the spend level looks to be considerably higher. The proposed legislation authorizes the program to spend “a minimum of \$3MM per year.” This indicates that more funds are forthcoming, but it doesn’t specify a cap. CHEAPR funding comes from the clean air fees collected as part of auto registration. These fees bring in about \$8MM per year. \$3MM have been going to CHEAPR with the rest having gone to the general fund. The new legislation designates that 57.5% go to transportation funding, though it is possible that other programs could be included.

## **Board**

There are proposed changes to the board, specifically the inclusion of a “representative of an association representing electric vehicle manufacturers,” and a “representative of an association representing electric vehicle consumers.” For the former, we don’t know if this is a way to draw in the new EV-exclusive manufacturers or if it can be filled by an organization such as the Automotive Alliance which represents legacy OEMs. The manufacturer representative is appointed by the Senate President Pro Tempore. The consumer organization representative is appointed by the House minority leader. These replace 2 current positions appointed by the same individuals. Those positions are currently filled and it is not known if those people will depart.

There are also a couple of unfilled board positions, appointed at large by DEEP, and designated for representatives of an industrial fleet or transportation company.

The board is characterized as operating in an advisory capacity so it is not completely clear how much power they have when it comes to setting policy.

## Other Legislative Items

In this and other bills, there are other items of note.

- Right to charge legislation to make it easier for residents (owners and renters) to be able to install a charging station.
- Adoption of California medium and heavy duty vehicle emission standards, pending results of DEEP analysis. (Does anyone seriously doubt we desperately need this??) Update: DEEP released their expected endorsement of this measure on March 9th. (This is bill HB-5039.)
- Allowance for school to enter into 10-year contracts for EV school buses. Currently, only 5-year contracts are allowed. For EV buses, 10 years are needed to make the numbers work.
- Accelerated purchases of smart traffic signals (yes, this really does reduce emissions).
- EV charging stations that go beyond the federal Infrastructure bill and highway corridors to cover communities with lack of charging access.
- Active transportation – pedestrian and bike paths.
- Any project involving state funds must not add to carbon emissions. If it does, there needs to be offsets.

Advocacy:

We are supportive this bill. There are many good things in it. We would prefer an MSRP cap of \$55,000 for CHEAPR to reflect the realities of the electric car marketplace, as well as a higher cap on the cost of eBikes.

Go [here](#) to find your legislators and contact information.

The Transportation Committee and the Environment Committee will hold a joint public hearing on Friday, March 11, 2022 at 11:00 A.M. via Zoom. The public hearing can be viewed via YouTube Live. In addition, the public hearing may be recorded and broadcast live on CT-N.com. Individuals who wish to

testify via Zoom must register using the On-line Testimony Registration Form. Registration will close on Thursday, March 10, 2022 at 3:00 P.M. Speaker order of approved registrants will be posted on the Transportation Committee website on Thursday, March 10, 2022 at 6:00 P.M. under Public Hearing Testimony. If you do not have internet access, you may provide testimony via telephone. To register to testify by phone, call the Phone Registrant Line at (860) 240-0590 to leave your contact information. Please email written testimony in PDF format to [TRAtestimony@cga.ct.gov](mailto:TRAtestimony@cga.ct.gov). Testimony should clearly state testifier name and related Bills. The Committee requests that testimony be limited to matters related to the items on the Agenda. The first hour of the hearing is reserved for Legislators, Constitutional Officers, State Agency Heads and Chief Elected Municipal Officials. Speakers will be limited to three minutes of testimony. The Committee encourages witnesses to submit a written statement and to condense oral testimony to a summary of that statement. All public hearing testimony, written and spoken, is public information. As such, it will be made available on the CGA website and indexed by internet search engines.

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## **If You Want To Get a Tesla in Connecticut, Go to Hertz**

Post by Barry Kresch

Photo: EV Club members with a pre-production Rivian R1T

# Consumers Must Leave the State to Buy an EV Not Sold Through a Dealership

If a consumer wants to go electric and buy or lease not only a Tesla, but also a Rivian or Lucid, to name two of a number of new EV manufacturing startups, they have to travel out of state to do so. For years, CT Tesla customers have been schlepping to Mt. Kisco, NY to pick up their vehicles. It's long past time for this to stop.

## SB 214 – An Act Concerning the Sale of Electric Vehicles In The State

A bill has been raised in the Transportation Committee, SB No. 214, that will amend the law to allow EV-exclusive manufacturers without an existing dealer franchise network to open stores and sell directly to consumers, “direct sales” for short.

The EV Club of CT supports this bill as the current situation is anti-consumer, anti-free-market, holds our state back from achieving its EV adoption goals, and forces its citizens to breathe dirty air. The transportation sector is responsible for 38% of the state's greenhouse gas emissions, not to mention other pollutants such as particulate matter, making it the most polluting sector.

## EV Deployment Is Far Behind Target

The state has signed a [resolution](#) committing to getting 150,000 EVs on the road by 2025 and 500,000 by 2030. We have a long way to go as we are only 14% of the way to our 2025 goal and 4% of the way to the 2030 goal. If you want to see a depressing visual, click [here](#). We need all hands on deck.

# Background: The Franchise Laws

These laws are what currently prohibit Tesla and other companies from opening stores in CT. They were written long ago to protect dealerships from being bullied by their own affiliated manufacturers. These laws are not about the consumer and never were.

## Protectionism

The language in these franchise laws requiring new vehicles to be sold by an independent business has been conveniently repurposed to exclude new EV manufacturers from opening stores in CT. In other words, the laws are now being used for protectionism.

The Federal Trade Commission has [written](#), “A fundamental principle of competition is that consumers – not regulation – should determine what they buy and how they buy it. Consumers may benefit from the ability to buy cars directly from manufacturers – whether they are shopping for luxury cars or economy vehicles. The same competition principles should apply in either case.”

The Union of Concerned Scientists [wrote](#), “...the dealer franchise laws represent not only a ban on Tesla, but a ban on all innovation in distribution methods.” Also, “There is no justification on any rational economic or public policy grounds for such a restraint of commerce.” They also cite studies showing that these laws restricting new distribution models serve to “raise the average vehicle cost by 8.6%.”

Dealer franchise laws have also been criticized from the right. The Koch brothers [signed onto a letter](#) opposing the Michigan version of this law. Their libertarian instincts chafe at the anti-free-market nature of these laws. And the [CATO Institute](#) has described these circumstances, “Where state

legislatures are captured by rent-­seeking incumbent market participants...” which impose “unnecessary transactions cost.”

These are but a few examples of the many organizations that support direct sales.

There has also arguably been spillover from the dealership laws as the Hoffman Auto Group, which owns dealerships in CT, has used them as a basis to file a [lawsuit](#) to prevent Tesla from opening a planned second service center in East Hartford. It seems Hoffman’s strategy is to make the experience of owning a Tesla as difficult as buying one.

## **Consumers Want The Freedom To Buy An EV However They Choose**

Consumers have made it clear that they should have the freedom to choose where and how to buy or lease an EV.

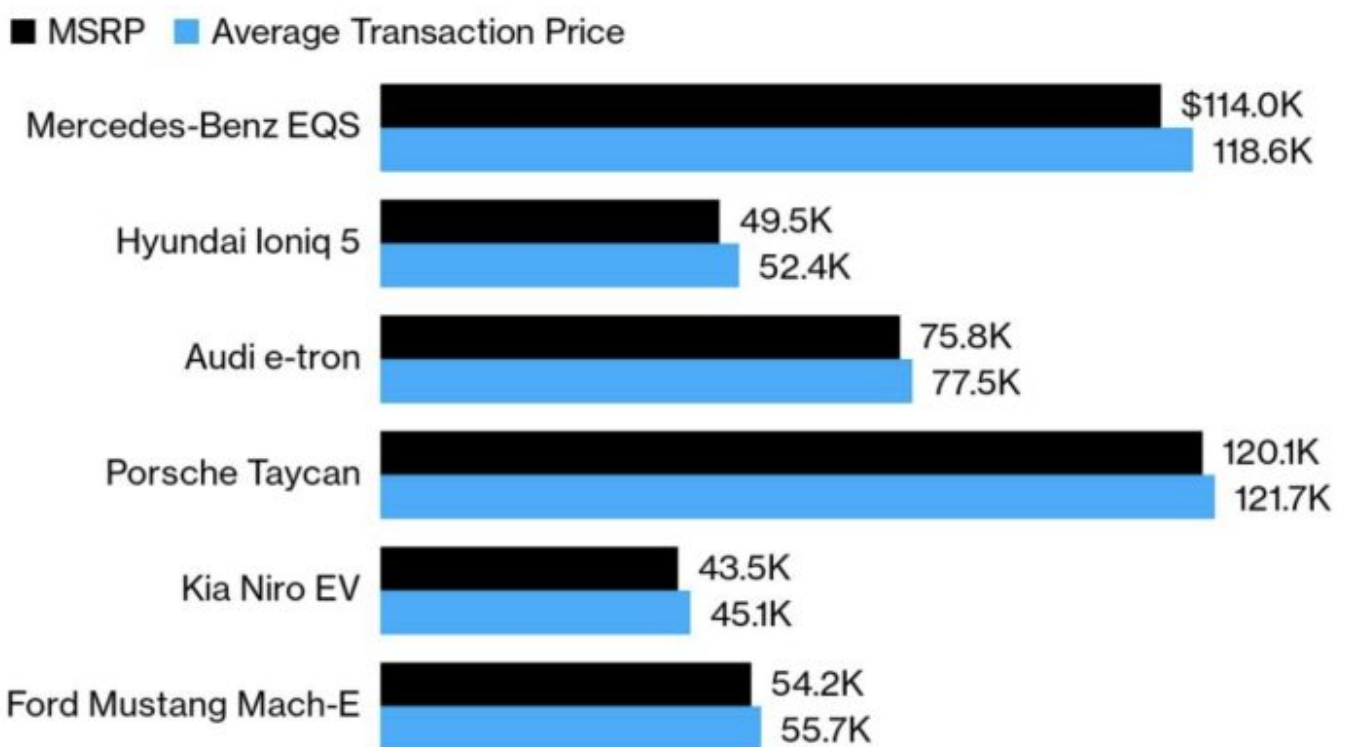
In a poll taken last year, an identical proposed law, SB 127, polled at an [83% level](#) of support among likely voters in CT. This support cut across party affiliation, age, income level, and ethnicity.

The Transportation Committee held a public hearing on last year’s direct sales bill, SB 127. There are 81 testimonies posted on its [website](#). If one excludes the 9 from individuals associated with the dealerships and the 3 from Tesla, Rivian, and Lucid, we are left with 69 from members of the public at large. All 69 of them were in favor of direct sales. Even with this overwhelming level of support, there was not a single Republican vote in the Senate and an insufficiency of Democratic votes to pass the bill.

## **Is The Dealership Model Better For**

# Consumers?

During this current period of supply chain turmoil, many dealers have been marking up the cost of EVs (and presumably other vehicles) above MSRP. In a recent [Washington Post](#) article, it read “that Ford and GM have warned dealerships to stop selling vehicles above MSRP,” and that GM characterized these markups as “unethical.” So much for the multi-year argument dealerships been making that franchisees protect consumers. Below, from Edmunds.



Source: Edmunds

One of the selling points for direct sales is that there is pricing transparency. You're not required to give your email to get an online quote, you won't be forced to visit a dealership to get a final price, you won't have anyone pestering you afterward to buy the vehicle, and you're not bombarded with after the sale upsells, or a surprise markup.

This [opinion piece](#) in the Washington Post by Ian Ayres, a law

professor at Yale, discusses how for customers using dealer financing, the dealerships often markup the interest rate without disclosing this to the consumer. These hidden fees are legal, which they shouldn't be, but their application in a discriminatory way is not. For example, [Honda](#) and [Toyota](#) have both settled lawsuits brought by the Consumer Financial Protection Bureau for more than \$20 million because minority borrowers were charged higher interest markups than equally qualified white borrowers.

## Watch What They Do, Not What They Say

Are dealers selling EVs? We would like to see them be proactive in their EV sales efforts. Every year, they come before the legislature and profess to be invested in EVs. They talk a good game, but what are they actually doing?

The NY Times published an article in 2015 entitled, [“A Car Dealers Won't Sell: It's Electric.”](#) That was 7 years ago and we have to make allowances for the possibility that things can change. Have they? Judging by data from the CT DMV, not so much. There are [8944 registered Teslas](#) in CT. The number 2 make is Toyota with 3238. Of course, the Toyotas are plug-in hybrids. The make that is number two in BEVs is Chevrolet with 824. Teslas comprise 71% of all the battery electric vehicles currently registered in the state. In 2017, when I first began tracking this, that number was 61%.

This is from an article in [TechCrunch](#), published in 2017, in which the first sentence proclaims, “Mercedes-Benz is the latest automaker to embrace electrification, announcing that it will be electrifying its entire vehicle lineup by 2022,” according to Mercedes-Benz chief Dieter Zetsche. There are 21,382 EVs in CT as of January 1, 2022. 75 are Mercedes.

The headline from a Bloomberg [story](#) in January reads, “Car



Dealership Laws Aren't Fit for the Electric Age." The first sentence: "More EVs are being sold in states that allow direct sales."

And the manufacturers have their own imperatives. From Bloomberg Intelligence analyst Kevin Tynan, "If Ford could sell one million Lightnings a year, they wouldn't," he explains. "The reason why EV penetration is as low as it is in the U.S., is because that's what automakers want it to be. People think it's the consumer pulling – it's not; it's the automaker's pushing."

This really does matter when it comes to EV adoption, states with uncapped direct sales had 6.8 registered BEVs per 1000 registrations. Closed states had 1.4. CT is a closed state. How much closer to our EV deployment goals would we be and how much healthier would our air be to breathe if we were an open state?

## **Will Direct Sales Drive the Dealerships Out of Business?**

Whenever they testify, that is pretty much what they say will happen. There was one dealer who said during testimony that if direct sales passes, he will immediately start laying off employees. AND IT WILL BE THE FAULT OF THE LEGISLATORS!

The truth is the dealers want it both ways. They say their model is better for consumers. If they really believe that, then why the need for these restrictions in the first place? Then in the next sentence, they'll say their businesses will implode.

Direct sales has been around for as long as 10 years in some states. So we have comparables! And the dealers are doing just fine in open states according to data from their own national association. A study by the [Acadia Center](#) documented this in

states near to ours.

## Closing Thoughts

The question of how dealerships and the legacy automobile industry writ large will ultimately fare is up to them. If they innovate and compete, they'll be fine. A few of them have embraced EVs, but judging by the results, not nearly enough. In CT, the dealership special interests have thus far been given the message that they can sit back and not worry about it, that change can happen on their timetable.

There are many EV Club members who own or have ordered a Tesla or are reservation-holders for Rivian or Lucid. For those of us who have made the trek to Mt. Kisco to pick up a Tesla, it stares us in the face that the jobs to build, staff, and maintain the facility are in New York and the company pays property taxes to Mt. Kisco. All of these companies stand ready to invest in CT. And others, as well. CT is sending the wrong kind of signal to any company that is part of the green economy.

Allowing direct sales will help CT meet its EV adoption objectives, will create green jobs, and, most importantly, it is what is right for the citizens of CT Consumers. Tell your legislative representatives that you support SB 214.

## How You Can Help

Contact your state senator and state representative. This page will enable you to find out who they are: <https://www.cga.ct.gov/asp/menu/cgafindleg.asp>

Clicking on their name will take you to their contact form. Tell them you support SB 214 because allowing direct sales allows for free-market innovation enabling consumers to buy the EV of their choice in the manner of their choosing. It

will accelerate EV adoption, create jobs, and let the companies of the new green economy know that CT is open for business.

Also, contact your mayor or first selectman and ask them to support SB 214 and contact the legislators who represent their town. Their voices carry weight with the legislature.

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# **Webinars Scheduled for EV Charging Incentive Information**

## **EV Charging Incentive Webinars**

Eversource and United Illuminating are doing a series of webinars about the new incentives, the first of them only hours from this posting. They will cover similar ground as the session with the EV Club [here](#), though they are segmenting them as you can see below. When the club presentation occurred, there were some rules that did not seem to be fully baked, so there may be some updated information here. Also, there is more likely to be some EV 101 that was not necessary for our group.

<b>Webinar</b>	<b>Date</b>	<b>Time</b>	<b>Registration</b>
EV Charging for CT Single Family Homes	02/23/22	7:00 p.m.	<a href="#"><u>Register Here</u></a>
EV Charging for Housing Authorities & Underserved Communities	03/16/22	12:00 p.m.	<a href="#"><u>Register Here</u></a>
EV Charging for Communities & Community Partners	03/22/22	1:00 p.m.	<a href="#"><u>Register Here</u></a>
EV Charging for CT Electrical Contractors	03/31/22	9:00 a.m.	<a href="#"><u>Register Here</u></a>
EV Charging for your Small Business	04/06/22	10:00 a.m.	<a href="#"><u>Register Here</u></a>
Site Host EV Charging	04/28/22	10:00 a.m.	<a href="#"><u>Register Here</u></a>