SB 127 Direct Sales Bill Public Hearings Held on 2/19

SB 127 – Permit EV Exclusive Manufacturers to Sell Direct in CT

A virtual public hearing was held yesterday by the legislature for this bill. Both written and oral comments were solicited.

Of the 76 written comments and a full day of Zoom testimony, every consumer that testified was in favor of passing this bill. Not really a surprise that consumers support a consumer-friendly bill. It is still opposed by dealerships and the OEMs. Nothing has changed.

It is difficult to read the tea leaves regarding the impact of testimony, pro or con. The bill has to pass a committee vote and then be called for a vote in both chambers. We are encouraged by the large number of comments submitted and the support we are receiving.

Judging by the response in the testimony, constituents are sending a message: protecting the environment is important and consumer choice is important, more important than protecting outdated laws.

Special thanks to Senator Haskell and Representative Steinberg who submitted the bill, as well as Representatives Wood and Michel who came on board as co-sponsors.

This is a link to the full (7.5 hours) video which is posted to the Transportation Committee's YouTube Channel.

Some relevant time-stamps:

Tesla – 1:29:58

Lucid – 5:13:56

Rivian – 6:39:27

Senator Will Haskell (bill sponsor) – 2:30:19

Mike Liebow (Tesla Owners Club) – 5:30:46 – And check out his pointed comments here

Leadership of EV Club CT:

Analiese Paik – 5:35:42

Paul Braren – 6:52:13

Barry Kresch – 7:10:40

Beats Netflix!

Thanks to all who were involved in this effort. And let's keep at it.

Paul Braren also wrote a detailed and thoughtful piece on his blog.

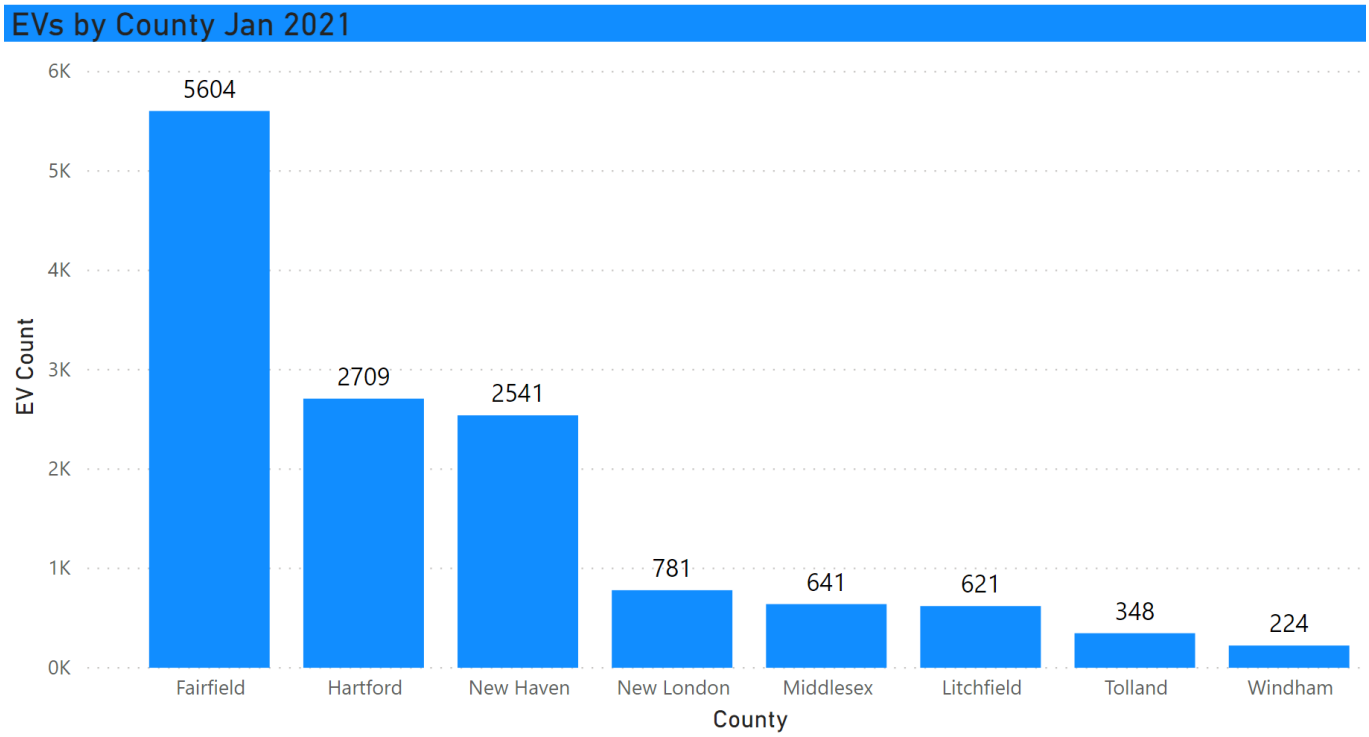
EVs by Geography 2021

The map in the top image shows the number of EVs by city reflected by the size of the circle.

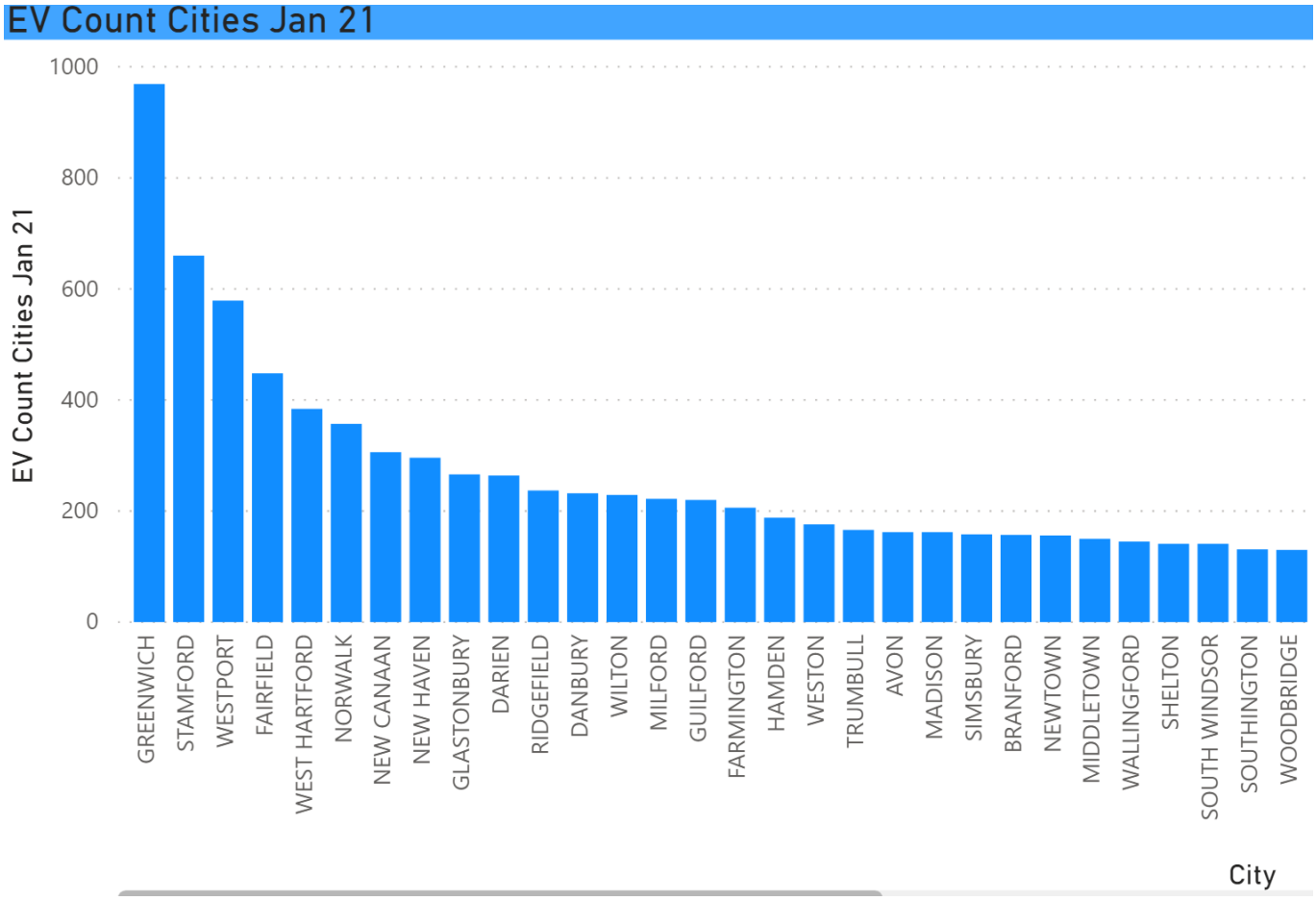
Most EVs Located in Fairfield

County

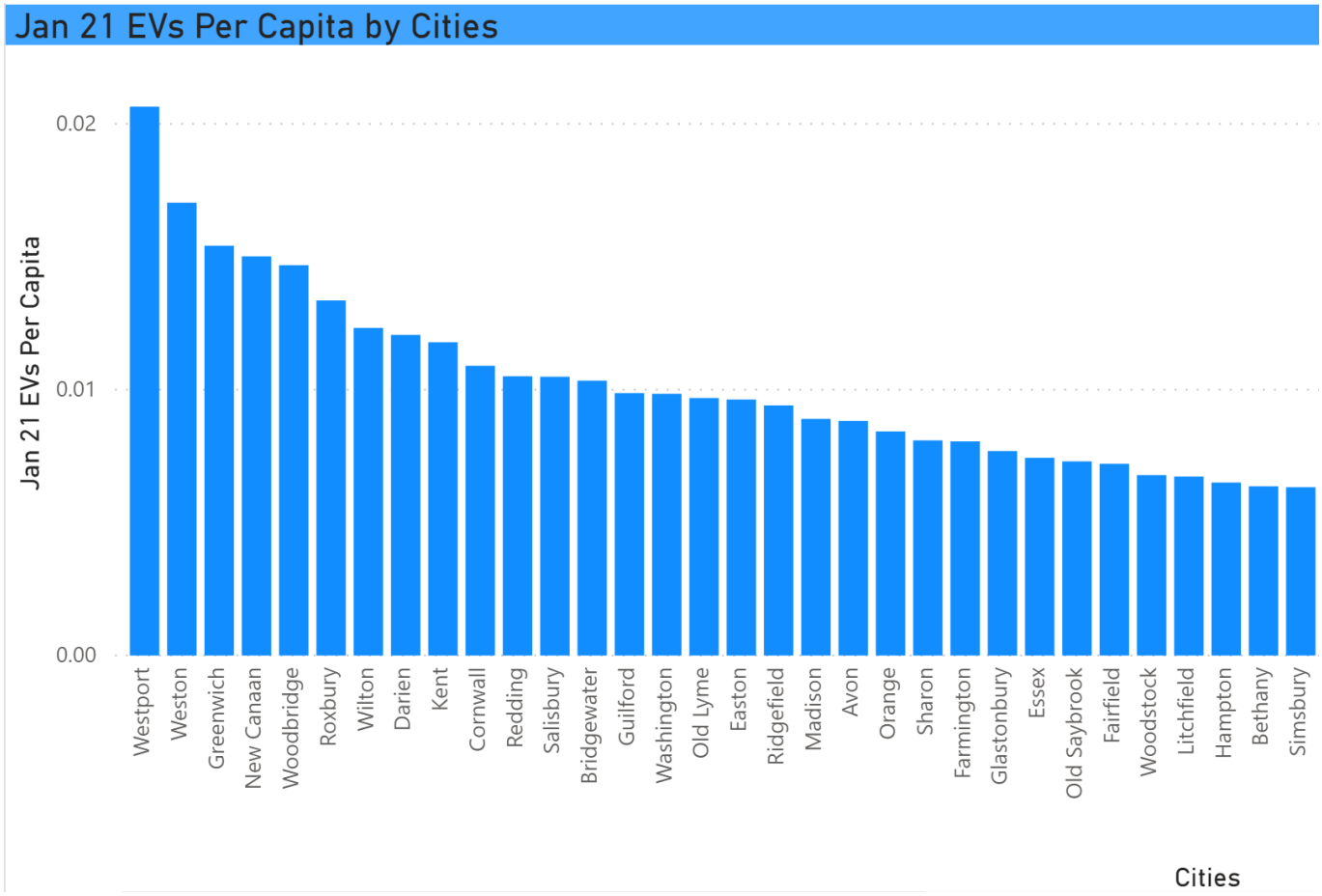
The largest concentration of EVs remains in the southwestern part of the state, specifically Fairfield County with 41% of all EVs in the state. This is similar to past waves of data.



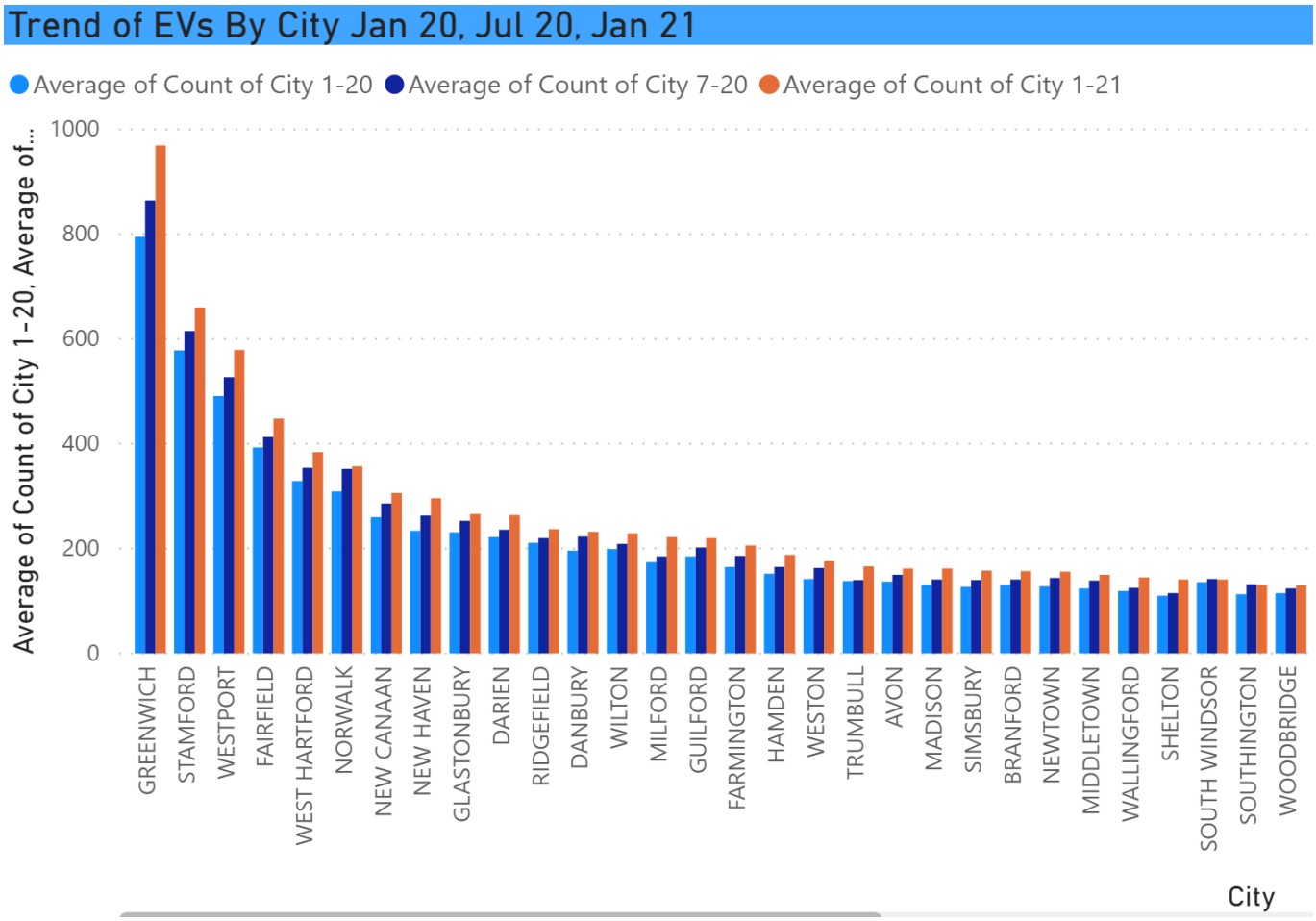
The top cities in terms of raw numbers of EVs remain Greenwich, Stamford, and Westport with 969, 660, 579 respectively.



Westport remains number one per capita, followed by Weston and Greenwich.



This is the trend by city of the past 18 months. The largest increase in this wave was seen in Greenwich.



Advocacy for SB 127 (Direct Sales) and SB 718 (Fossil Fuel Moratorium)

SB 127 – Permits Direct Sales of EVs

SB 127, the bill permitting EV-exclusive manufacturers that do not have an existing dealer network to sell directly to open stores and service centers in CT is scheduled for a public

hearing on Friday, Feb. 19th, beginning at 10 AM. We encourage everyone to submit written or oral testimony. Instructions and link to register below.

***TRANSPORTATION COMMITTEE**

FRIDAY, FEBRUARY 19, 2021

The Transportation Committee will hold a public hearing on **Friday February 19, 2021** at **10:00 A.M.** via **Zoom**. The public hearing will be recorded and can be viewed via **YouTube Live**. In addition, the public hearing may be recorded and broadcast live on **CT-N.com**. People who wish to testify via Zoom must register using the **On-line Testimony Registration Form** or copy this link into your browser https://zoom.us/webinar/register/WN_2SAYBsW_SQyu5CD7jU3VGA. Registration will close on Thursday February 18, 2021 at 3:00 P.M. Speaker order of approved registrants will be posted on the Transportation Committee website. 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. Testimony should clearly state testifier name and related bill information. 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 Elected and Public 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.

SB 718 – A Moratorium on New Fossil-Fuel Power Plants

SB 718 – This bill imposes a moratorium on building new fossil-fuel power plants. The immediate threat is the proposed Killingly natural gas power plant, which has already been issued some of the required permits by DEEP. We ask everyone to call as described below.

The Energy & Technology Committee has not raised SB 718, Senator Cohen's bill to establish a moratorium on new fossil fuel plants. We need to show strong support for this by calling the Energy & Technology Committee TODAY (Thursday, February 11) and urging they raise this bill. The last day the Committee can raise this bill is Tuesday Feb 16, and tomorrow and Monday are state holidays, so today is the day to put on the pressure.

Here's what to do:

Call (860) 240-0430 – Very likely you will leave a message.

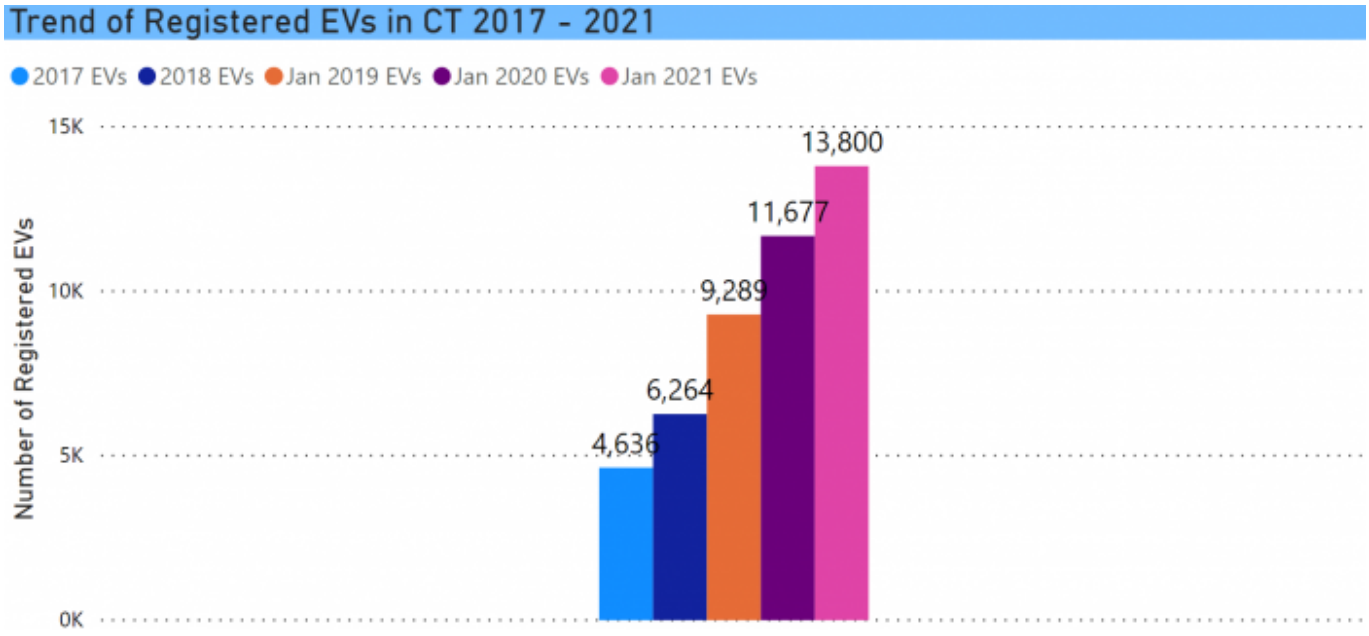
"My name is (YOUR NAME), I am calling from (YOUR TOWN), I am calling to urge that the Energy & Technology Committee raise Senate Bill 718 as a Committee Bill. We are facing a climate emergency, yet fossil fuel power plants are still being proposed and approved here in Connecticut. This bill would establish a moratorium on fossil fuel power plants, and it is crucial that the Committee discuss this important topic. Thank you."

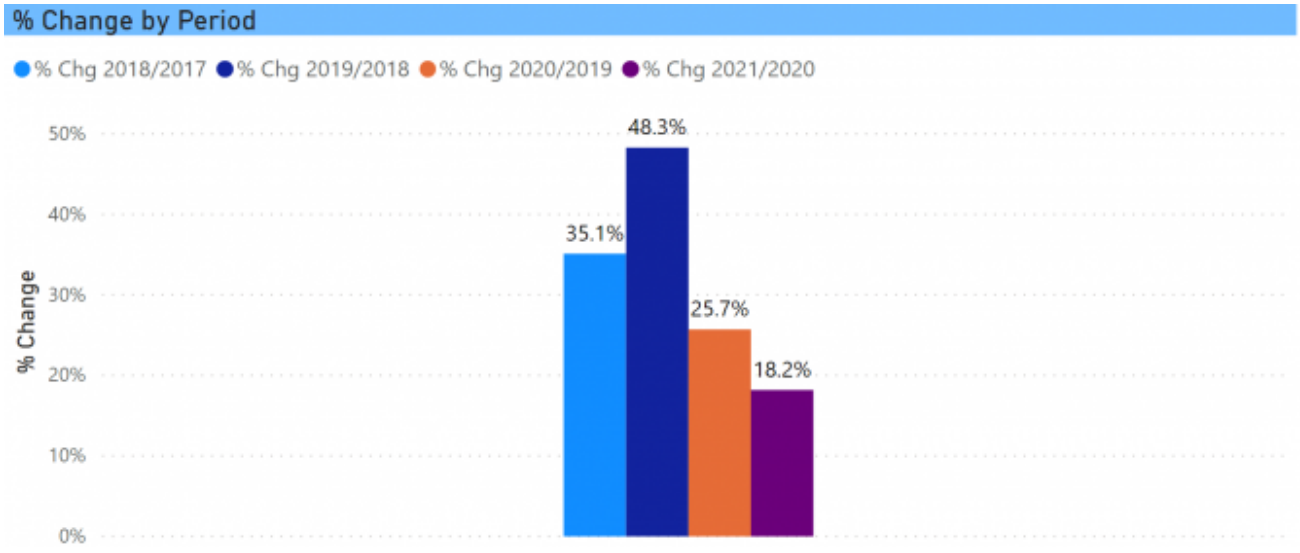
BEV Registrations Up 28% in 2020

Updated CT EV Registration Files

Post by Barry Kresch

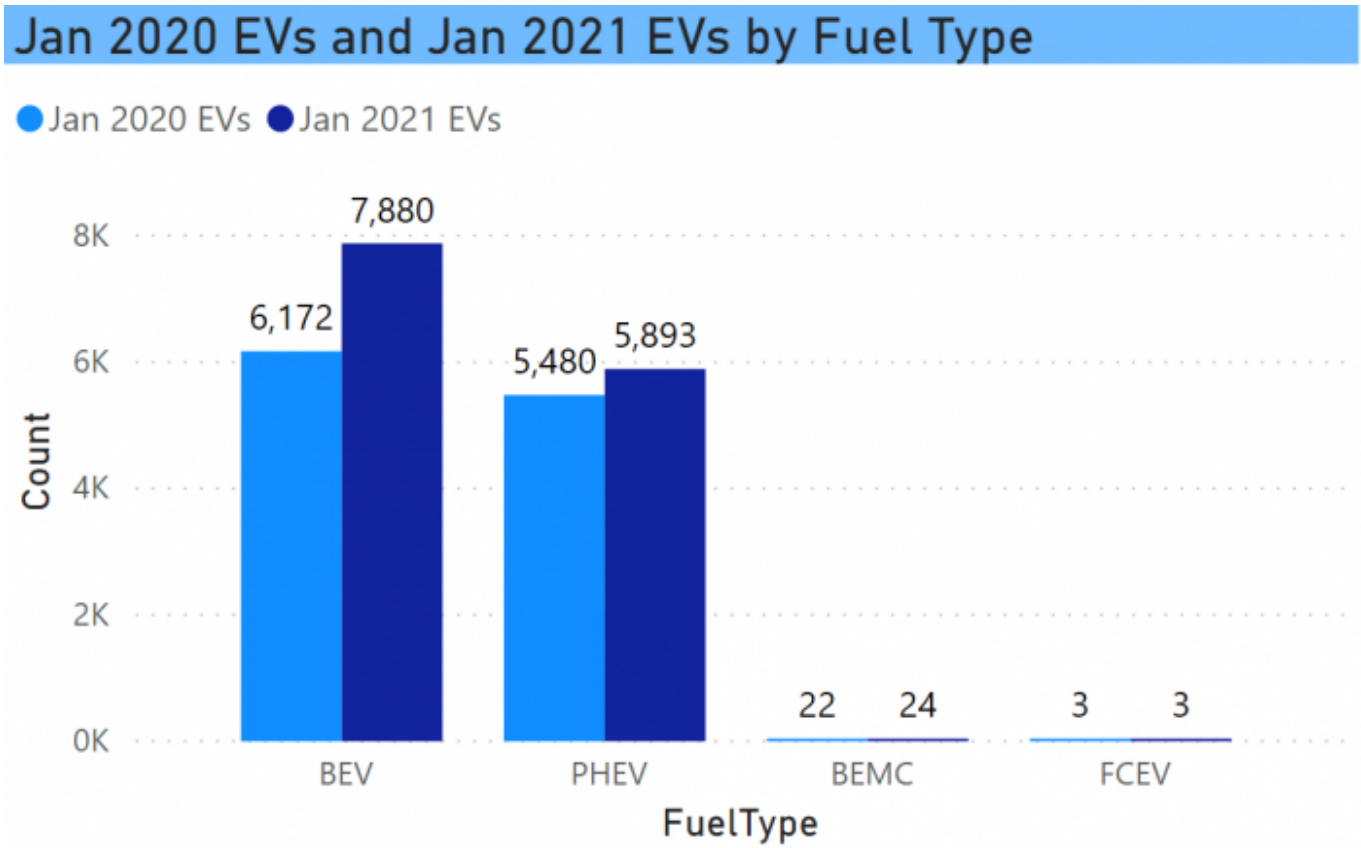
2020 was a difficult year to say the least with overall domestic automobile sales sliding 15% from 2019. Against that background, EV registrations in CT (a related, but different, metric) edged up 18.2% to 13,800 EVs of all stripes. EVs are defined the way they are by the state as battery electric vehicles (BEV), plug-in hybrids (PHEV), battery electric motorcycles (BEMC), and fuel cell electric vehicles (FCEV). The growth rate was slower than in the prior two years, which were 25.7% and 47.8% respectively. It is roughly that last rate of growth from 2 years ago that is needed on a consistent basis if the state is to hit the goal in the Zero Emission Vehicle Memorandum of Understanding. At this rate, CT falls further behind every year.



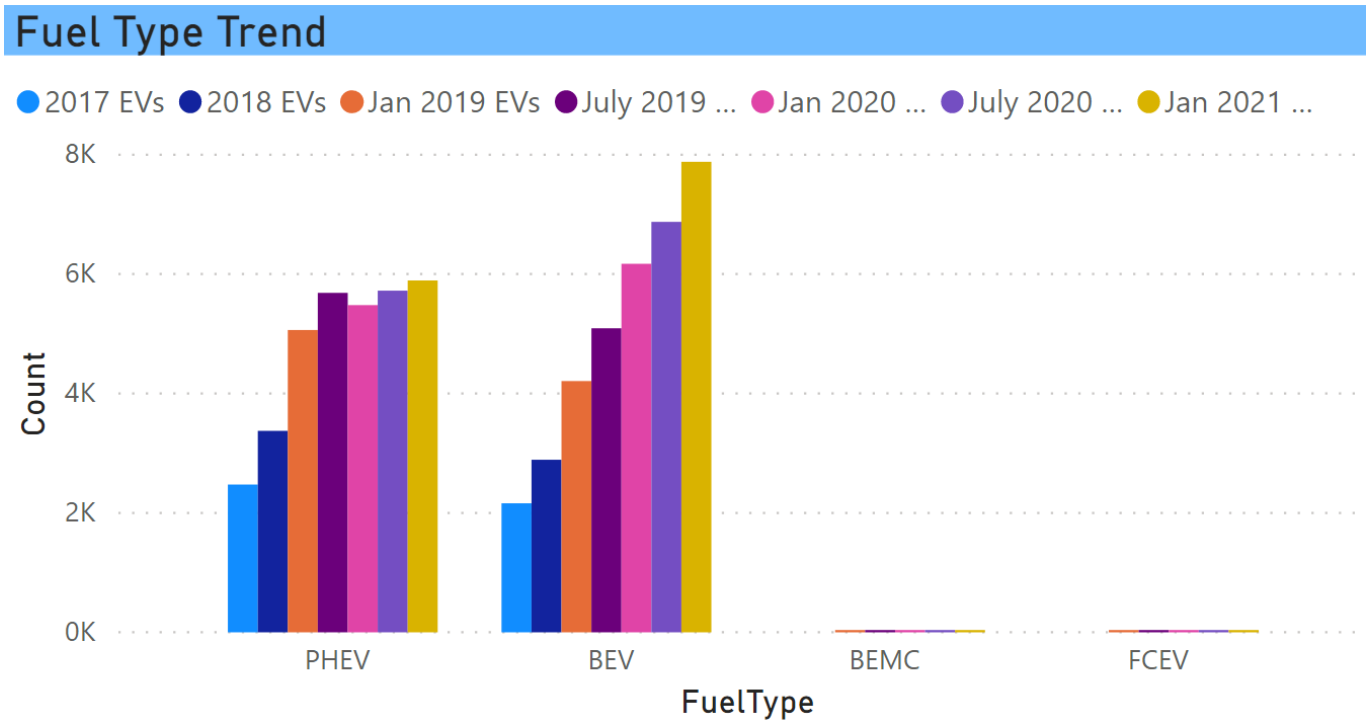


BEVs Lead the Way

BEVs led the way with a 28% increase, followed by PHEVs up 7.5%. There are only 24 BEMCs and 3 FCEVs, the latter of which are not currently available to buy or lease in the state.

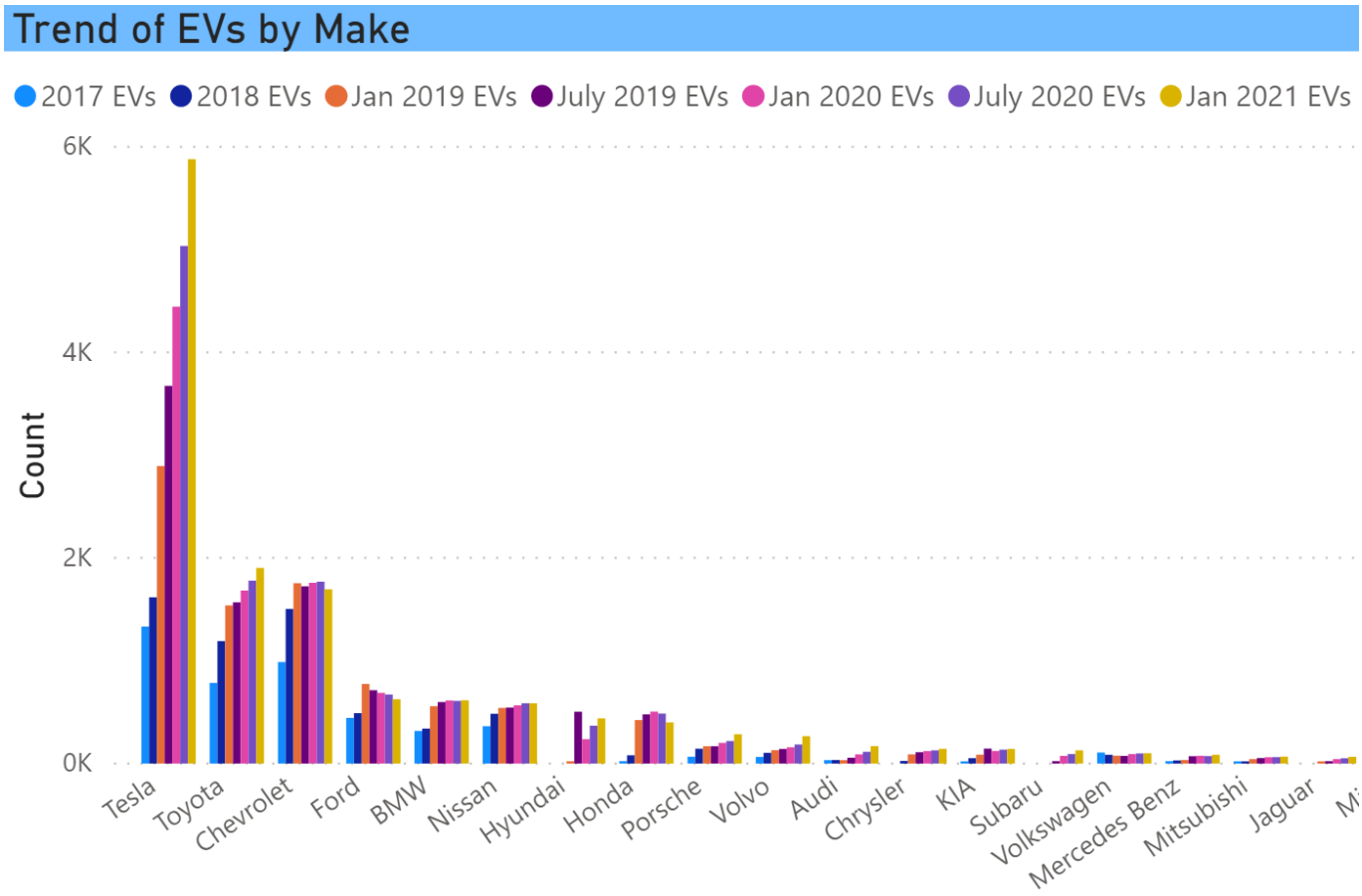


PHEV growth has flattened since 2019.

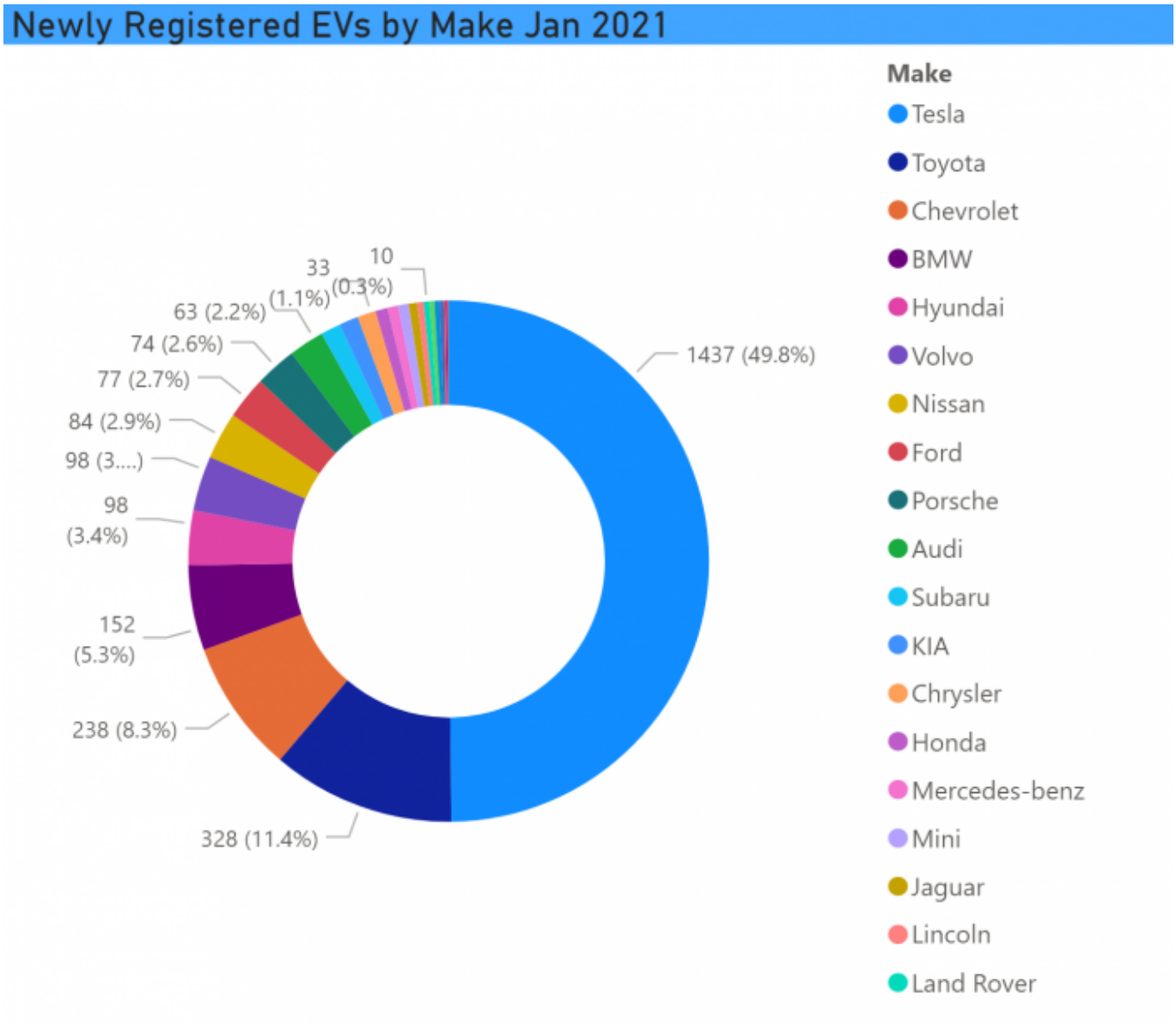


Tesla Again Leads By a Wide Margin

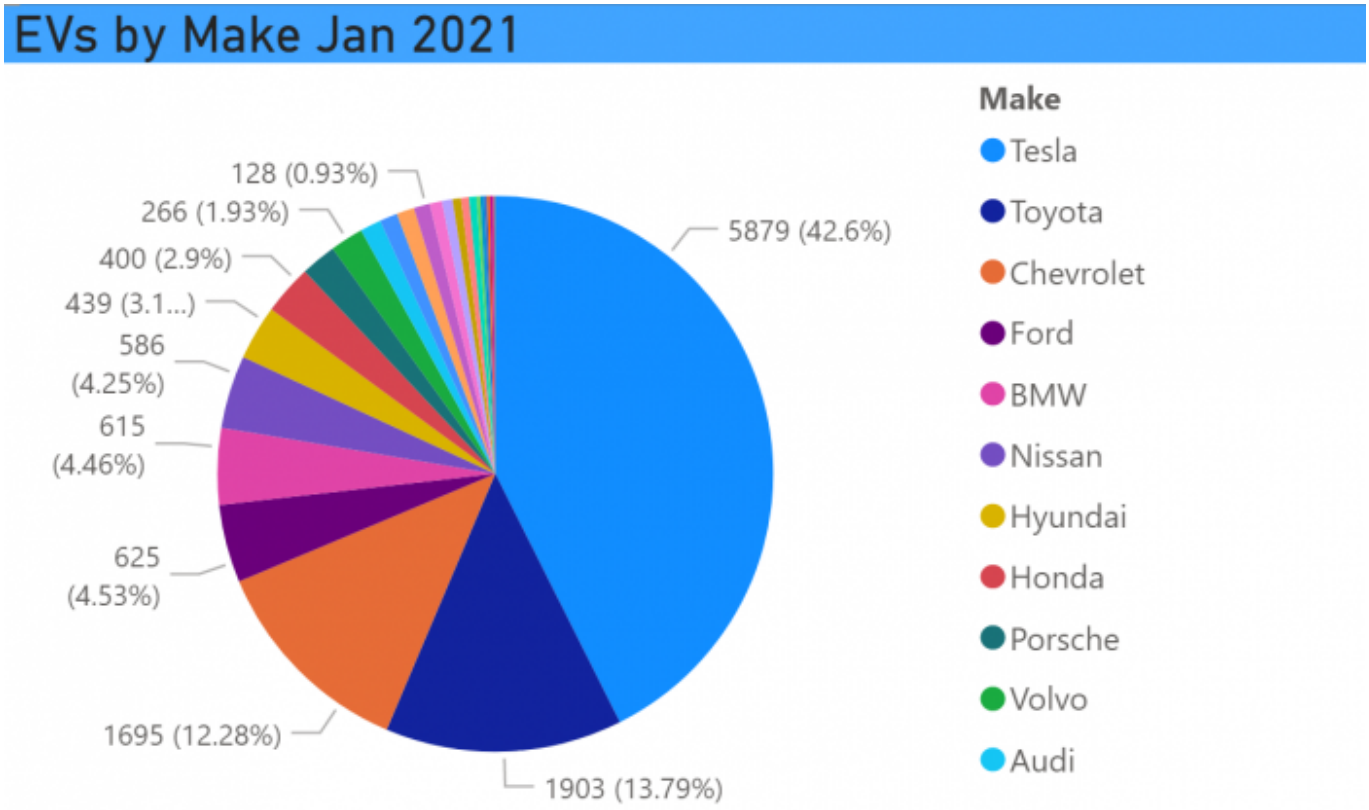
The chart below is an excerpt of the makes with the largest number of registered vehicles. Tesla continues robust growth (and they're not allowed to open stores here, why???). Astonishingly, there is no other manufacturer with a strong increase. There are some that modestly increased (Toyota, Volvo, Audi, Subaru, Nissan), others that are basically flat (most), and a few major players that posted declines (Chevrolet, Ford, Honda). This is a decline in net registrations. It is a function of how many cars they sold versus the turnover in the existing base. Chevy is seeing older Volts exit the file. Honda has stopped trying to sell the Clarity in CT. There could be a change next year for Ford depending on deliveries of the Mustang Mach-E.



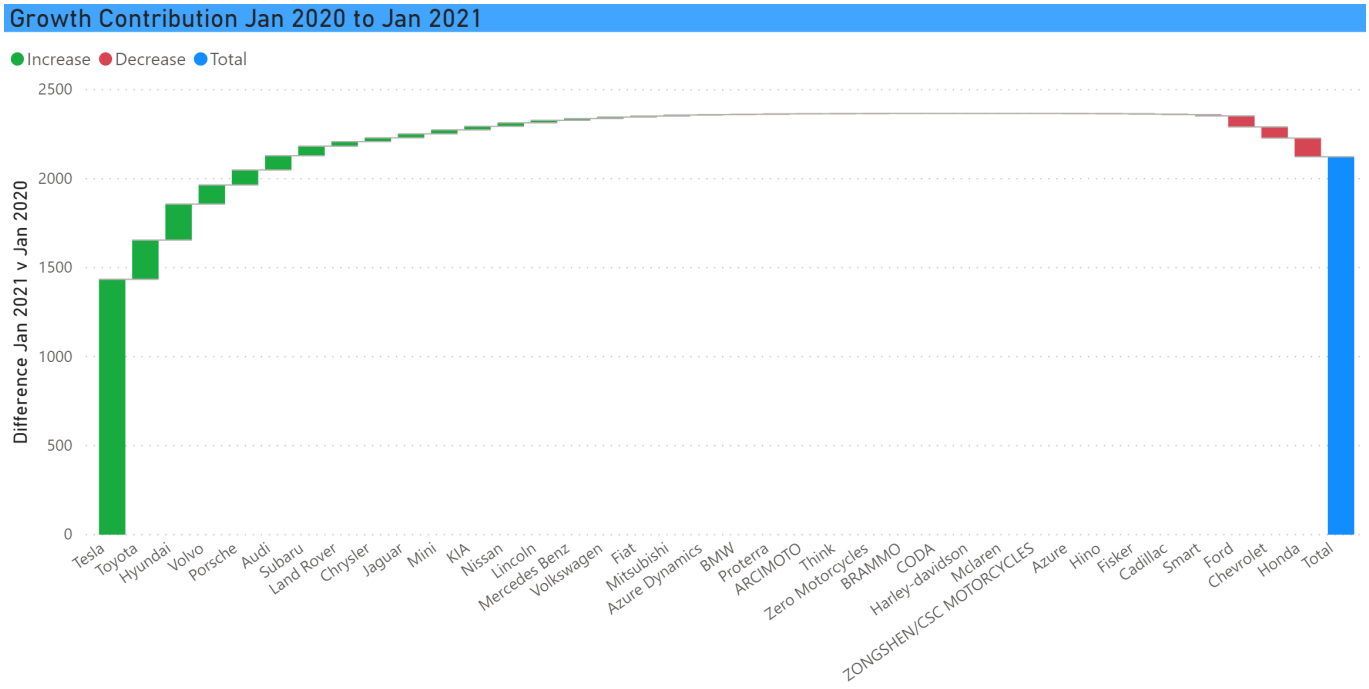
Tesla was responsible for 47% of the vehicles entering the file.



This brought its net share to 43%, up from 40% in July.



This trend is most dramatically illustrated in this growth contribution waterfall chart, which takes the YOY difference in registrations by make and divides it by total net new registrations. This reflects both positive and negative contributions.



Watch this space. More to come…..

CHEAPR Closes 2020 With an Uncertain Outlook

CHEAPR Rebate Data Released for December 2020

The EV purchase incentive program awarded 74 rebates in December. This is slightly higher than the 40 from November, but of a piece with what we have been seeing over the past 14 months since the program changes. There is typically a jump in December as federal tax-credit eligible vehicles are acquired before the year-end. That bump is a bit smaller nowadays since it is no longer applicable for Tesla or General Motors.

The October 2019 program changes were a lowering of the vehicle eligibility MSRP cap from $50 to $42 thousand and a lowering of incentive levels.

The monthly numbers rise and fall mostly driven by the number of rebates for the Tesla Model 3, despite the fact only the most basic trim level is eligible. Actually, that has been true ever since the Model 3 began ramping deliveries, which predates the 10/19 program changes. This may be less the case going forward as reports are that the Model Y is outselling the Model 3. The Y will qualify for CHEAPR if it is the base model with zero changes, and so it is not expected to push that many rebates. There have been zero to date.

The Model 3 accounted for 29 rebates in December. There was

only one other model in double digits, the Toyota RAV 4 Prime (PHEV) with 13. We do not know if this is a supply constrained car, but there are early signs that it could be a successful model.

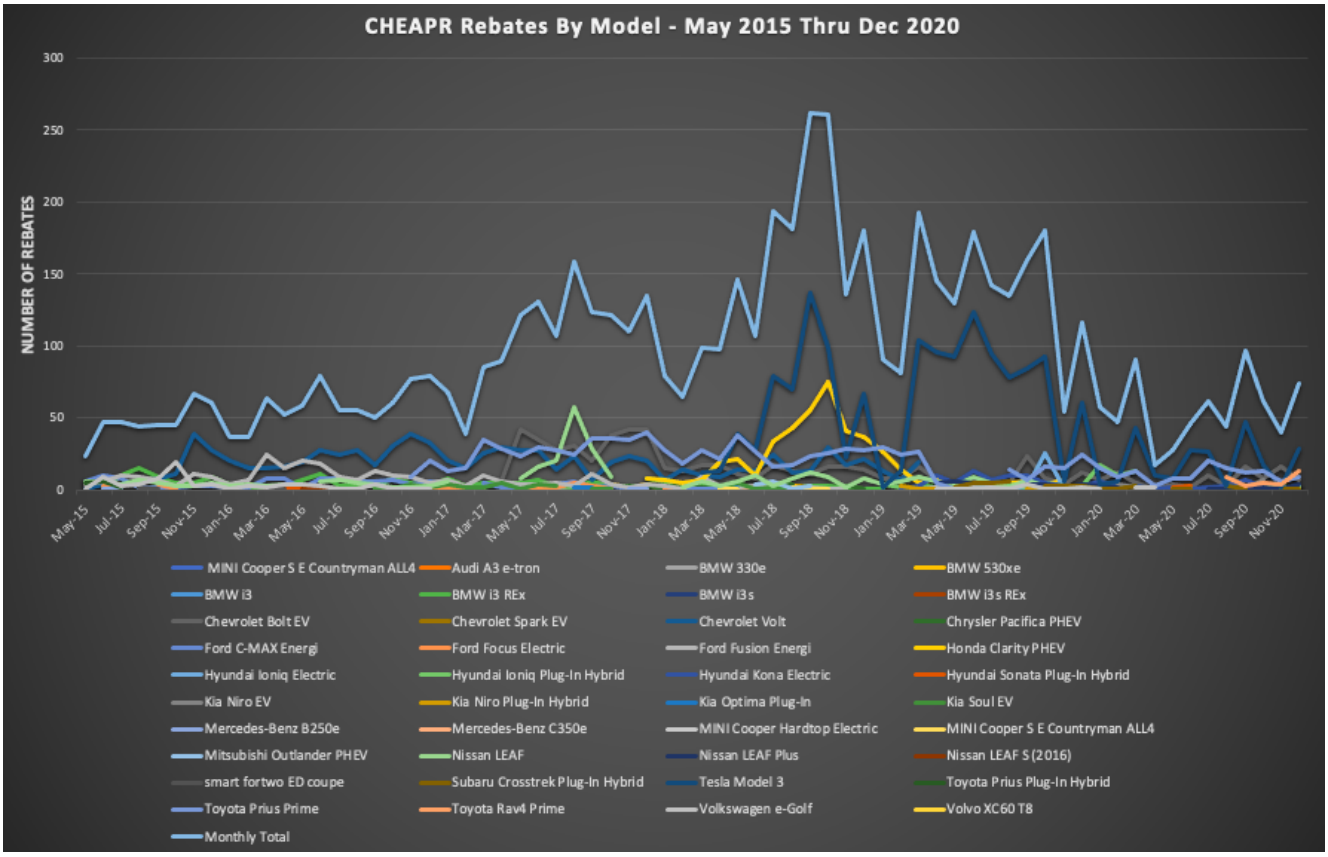
Final Totals for 2020

There were a total of 663 rebates handed out in 2020. This compares to 1605 in 2019. However, the better comparison is arguably the 12 months ending September 2019 to look at the impact pre and post program change. If we look at Q4 2018 through Q3 2019, there were 1832 rebates.

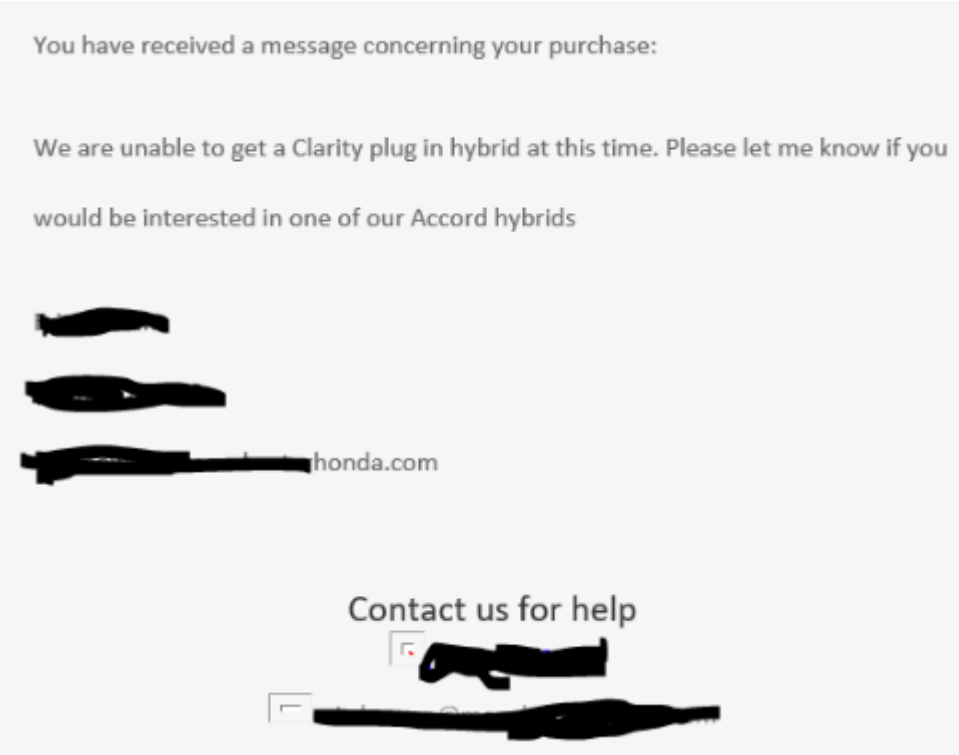
Since both the quantity and size of rebates were reduced, the program only spent $708,500 (plus admin and dealer incentive costs) against a budget of $3 million.

DEEP has advised that unspent funds will be rolled over. That is better than losing them but not as good as getting more EVs on the road sooner.

Below is a chart of rebates by vehicle model by month since the program’s inception through 2020. The light blue line across the top is the total monthly number of rebates, the same number as in the chart at the top of the post, and the drop-off beginning in late 2019 is readily apparent. The other lines are individual vehicle models.



The dark blue line that spikes in 2018 and 2019 is the Model 3.


You have received a message concerning your purchase:

We are unable to get a Clarity plug in hybrid at this time. Please let me know if you would be interested in one of our Accord hybrids

[redacted]

[redacted]honda.com

Contact us for help

[redacted]

The yellow line that spiked briefly in late 2018 is the Honda Clarity PHEV, which is an interesting case. The car was well-received, customers were buying, and then it seems to have done a vanishing act off dealer lots in CT. There was reporting that Honda had pulled back and was using it as a

compliance car. We received this communication from a recent EV shopper, a flavor of the switch pitch that is unfortunately so common. The note from the dealer indicates lack of availability, but the CHEAPR rebate graph clearly shows a dearth of sales (there were zero rebates in Q4, 2020). Translation: Honda isn't bringing these vehicles into the state.

When the program changes were made in late 2019, the Model 3 numbers dropped (along with some other, smaller volume vehicles losing eligibility altogether, e.g. the BMW i3).

CHEAPR Directionless

For over a year, there has been a notice on the CHEAPR website that a new set of program revisions will be forthcoming. This hasn't happened. A newly authorized board met in January 2020, then monthly meetings from July through December, but no meetings since and none posted. DEEP indicated that it may have the board vote offline. We then heard there was a vote, which as far as we know was 2 or 3 weeks ago, but no word has been forthcoming. There were as many scenarios as there are board members, so consensus may still be elusive. The scenarios include an income-limited used EV incentive and a similarly income-limited supplemental incentive. The board has been divided about the MSRP cap and incentive levels, which is what we assume is delaying matters. Hopefully, it will get sorted soon as the program is severely under-performing.

At the very least, there should be some communication. We assume that the as yet unreleased January data will be as low-performing as the past year plus.

It is the position of the EV Club that previous incentive levels should be restored (or something similar), the MSRP cap should be restored to $50,000, and the used and supplemental incentives should be included. The fact that there is roughly $5.2 million in funds for 2021 should cover it, and it will

provide valuable data going forward for future program modeling.

We Suggest a Website Improvement

The CHEAPR website was clearly not designed with a consumer in mind. To actually learn about the rules, one has to comb through the FAQs. There is no front door that has the basics of the program: incentive levels, MSRP restrictions, once per driver per lifetime, and other pertinent rules. DEEP could accomplish this with something as simple as adding another element to the left nav, preferably near the top, called program basics (or similar) that links to a page with this top-level information.

We have tried to partly compensate with an incentives page on this website. And, oh yeah, that phantom $5000 incentive should go behind the curtain.

Carbon Credits for EV Charging Stations

Forth EV Offsets Flyer (1)

This link to the CT Green Bank has more information

Dr. Roger Kuhns Discusses Carbon Tax + Dividend Proposal

Club hosts Roger Kuhns Presenting a Proposal for a Federal Carbon Tax

The presentation has been posted to the EV Club **YouTube Channel**. Some key points below:

There have been numerous acts passed, studies conducted, and priorities articulated over the past 25 years or so, many of them with good ideas, but that hasn't translated into commensurate progress on reducing emissions.

The targets the state has set are ambitious. They include include zero emissions from the power sector by 2040 and an 80% reduction in statewide emissions by 2050. But these are goals and don't always get translated into actual policy with the speed that our climate emergency requires. We are not going to achieve them unless we stop investing in natural gas, push harder on renewables (including replacing Millstone with renewables when it goes offline), along with battery storage, and, oh yeah, lots more EVs.

Watch for yourself and let us know what you think.

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EV Ownership Increases 18.2% In a Difficult Year

DMV Releases Updated EV Registration Data

There are 13,800 EVs registered in CT as of January 1, 2021, according to data released by the Department of Motor Vehicles in its statutorily required semi-annual reporting. This represents an increase of 18.2% over the 11,677 EVs registered in January 2020. This is a lower rate of growth relative to 2020 over 2019, when it was 25.7% (and way lower than Jan 2019 over Jan 2018, when it was 45.8%). The featured image at the top of the post contains the number of registered EVs for each data point that we have obtained from the DMV. This began in 2017 with annual updates, then moving to semi-annual updates in 2019.

The pandemic induced lockdown and severe recession led to highly restrained growth of 8.1% during the first half of the year. Things picked up a little in the latter half of 2020 when the rate was 10.1%.

A total of 4,408 EVs were added to the file in 2020. This means that there was turnover of 2,285 vehicles.

Briefly, the DMV is reporting a snapshot of registrations. Vehicles can be added to the file as a result of the acquisition of a new vehicle, a used vehicle, or someone moving into the state who already owns an EV. Vehicles can leave the file due to the owner selling the car, having an expiring lease, or moving out of state.

The DMV has only reported these top line numbers as of the date of this publication. Subsequently, we will receive more

detailed data including fuel type, city, make, and model. The diagnostic details are what really tell the story.

We do not have the “full file” of all vehicles and so we are not able to say how EVs trended relative to ICE vehicles. There has been reporting that EV sales have generally held up a little better, but we can’t comment on CT specifically.

The state continues to lose ground with respect to the goals articulated in the Multi-State ZEV Action Plan Memorandum of Understanding. I have updated the needed compounded annual growth rate chart, and the curve is going in the wrong direction. In this case, up means we’re down. As of January 1, a CAGR of 49.02% would be required to reach 500,000 EVs by 2030. This is up from 47.29% in July and 45.6% one year ago.

PURA Straw Proposal for Statewide EV Program

This is a copy of the statewide EV Program straw proposal that the Public Utilities Regulatory Authority has released. Public comments are being accepted until Jan. 29. Sorry, but this is not downloadable from our website.

17-12-03RE04 Straw Proposal

It Is Time for EV Freedom

Direct Sales of Electric Vehicles (EVs) Should Be Permitted in CT

Post by Barry Kresch

Governor Lamont has signed onto the Transportation Climate Initiative (TCI), a regional cap and invest plan. At the same time, the state is falling behind the goals set forth in the Multi-State Zero Emission Vehicle Action Plan. The time has come to permit direct sales of EVs in CT.

Consumers deserve to come first and should be able to freely choose EVs that fit their lifestyles, needs, and budgets to accelerate the adoption of electric vehicles and more rapidly transition to a zero-carbon economy.

Outdated dealer franchise laws have been used as protectionism to prevent Tesla and other new EV manufacturers from opening stores in CT.

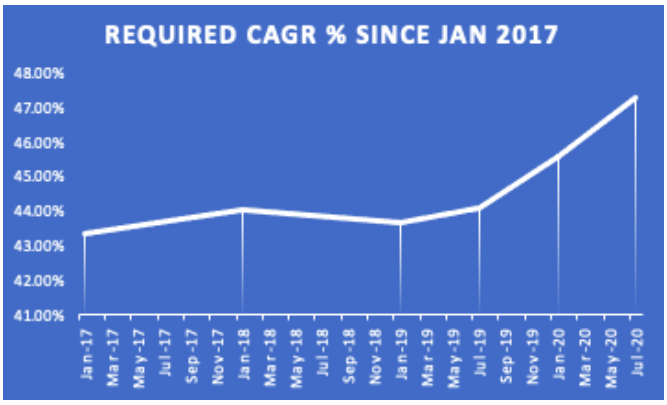
The EV Club is behind a new act, The EV Freedom Bill, that has been submitted to the legislature. It proposes that manufacturers that produce exclusively electric vehicles and have no existing franchised dealer network be permitted to sell their vehicles directly to the consumer. The definition of “sell” is inclusive. It encompasses sales, leasing, delivery, and service. It is important to specify these components. For example, even though Tesla has gained the

right to lease (and conduct test drives) at its Milford service center, customers still have to go to New York to pick up their vehicles. (Even residents of the eastern part of the state must go to NY – they are not permitted to avail themselves of Tesla facilities in RI or MA.) The proposed bill also allows for new "ownership" models, such as subscription. The world is changing.

The bill obligates manufacturers to meet existing consumer protection laws (i.e. lemon laws) or regulations and to have an adequate plan to service their vehicles within the state.

Multi-State ZEV Action Plan

The state of CT is a signatory to the Multi-State ZEV Action Plan. This plan commits to getting 150,000 EVs on the road by 2025 and 500,000, about 20% of the fleet, by 2030. There were 12,624 as of July 1, 2020. That means we would need a compounded annual growth rate (CAGR) of 47.29% to hit the 2030 number, which translates to the state being in a pretty big hole. The chart below tracks needed CAGR for each data point I have since 2017. In this case, a rising line is a bad thing. (An updated number for January 1 is due to be reported soon.)



The required compound annual growth rate required to meet ZEV goals has been increasing since Jan 2019 due to slow increases in registered EVs.

The ZEV Action Plan sets a goal but has no enforcement mechanism. It consequently relies on legislators, regulators, and citizens to make good decisions in order to get us there. The EV Freedom Bill is something that can have real near-term impact. Unlike other measures, such as purchase incentives, this will not cost the state any money. To the contrary, opening the state to innovative EV business models will increase buyer choice while positively contributing to public health, the achievement of our stated ZEV and emission-reduction goals, while generating revenue.

Opposition From Entrenched Interests

The roadblock to direct sales has been the dealership franchise laws. These laws, dating to the 1930's, were passed at the time to protect independent business people who were opening dealerships to retail and service the products of an affiliated manufacturer. That was the manufacturers' preferred method of expansion. But independent businesses, having gone to the trouble of establishing a market locally, sought to protect themselves from the possibility that an affiliated manufacturer would open up across the street and put them out of business. At the risk of repetition, the point was dealers seeking protection from their own affiliated manufacturers. These laws have now been re-purposed to prevent a manufacturer that doesn't have a dealer network from opening stores. (It is due to these laws being so old that Tesla is now able to lease from its New Milford facility. Leasing didn't exist at the time the laws were written and, therefore, wasn't specifically prohibited.)

The auto dealership and manufacturer associations have effectively mobilized to block direct sales when it has come before the legislature in the past. They're effective lobbyists. We would like to see them devote this level of

effort to selling EVs.

Existing Auto Companies/Dealerships Not Selling EVs

It pains me to type that headline and I hope it changes at some point. This club supports all EVs, but we also have to recognize reality, and consider that this industry needs to evolve or adapt its model.

Tesla and other EV companies don't want dealerships. Their position is that this model doesn't work for them and they have a point! Legacy manufacturers have been slow to pivot to EVs and dealers have been even slower to sell them. This has been reported on extensively, by the NY Times, by the Sierra Club (74% of dealers nationally were not selling EVs in 2019), and others, including the EV Club of CT.

In the most recent EV Club analysis of DMV data, we saw that from July 2019 to July 2020, there was a net increase of 1827 EVs in the Department of Motor Vehicles' registration file. 1361 of these were Tesla, a whopping 74%.

Club analysis of CHEAPR data similarly shows that less than 40% of the dealerships in the state have disbursed at least 10 rebates over the course of 5 plus years.

Aside from direct sales, other models are bubbling to the surface. One striking example is in Germany where Volkswagen has given up on its dealers to sell EVs. The company has gotten some good reviews for its ID.3 model (not available in the US) and has a larger, forthcoming ID.4 for which it is taking reservations. Sales of these vehicles in Germany are handled through VW Corporate. The dealers act as agents, providing test drives and delivering vehicles, for which they receive a fee. Importantly, the dealers do not take title to the cars, which changes the sales dynamic completely. This

means that VW is taking on a major risk in terms of carrying costs, but nonetheless, feels it is worth it. UPDATE – Apparently, it *is* worth it. FeedSpot reports that with a successful introduction of the ID.3 in September, "Volkswagen passenger cars managed to leap to the number one spot in all-electric vehicles over the full-year 2020 with a share of 23.8% in Germany…"

It's Not Only About Tesla

There are numerous EV startups poised to enter the market, and several that are taking reservations, such as Rivian and Lucid, have announced they plan to sell directly to consumers.

Even though the word "Tesla" was not included in previous versions of "direct sales" bills, those bills were written in such a way that they were only applicable to Tesla. The EV Freedom Bill applies to all EV manufacturers without a dealer network.

It Is About the Consumer

A study by **Cox** found that just one in three consumers were "very satisfied" with the dealership experience.

The Federal Trade Commission has **blogged** about this subject. Two sentences: "Dealers contend that it is important for regulators to prevent abuses of local dealers. This rationale appears unsupported…" "Such change can sometimes be difficult for established competitors that are used to operating in a particular way, but consumers can benefit from change that also challenges longstanding competitors."

It Is About Connecticut

CT is the only state in the region that does not permit direct sales. Keeping out companies that manufacture environmentally

friendly products sends exactly the wrong message to the kinds of innovative companies we seek to attract to the state to grow the economy. It undercuts what the state is communicating with the TCI, offshore wind, and the ZEV MOU.

Tesla and these new companies want to sell EVs in CT. Let's let them. Let's encourage them. Let's buy them!

Note:

The bill now has a number: SB 127.

Please join us and reach out to your state legislators telling them you support this bill. We need to lower our carbon footprint now. This really is a power of the people moment. If they hear from you, they will take notice.

An easy option is to use the Engage page that Tesla has set up. Non-Tesla owners can use it, though you will need to set up an account. It has a form letter, which can be customized. It will know who your legislators are.

You are also welcome to write your own thoughts. This is an **online page** that enables you to find out who your legislators are.