CHEAPR Rebates Set for 2025 – But Subject to Change

New Rebate Schedule, Effective January 1, 2025.

Standard Rebates

- **Battery Electric Vehicle (BEV) – $1500**
- **Plug-in Hybrid (PHEV) – $750**

Income-Limited Rebate (Rebate+)

- **BEV New – $4500**
- **BEV Used – $5000**
- **PHEV New – $1125**
- **PHEV Used – $3000**

As anticipated, the BEV standard rebate was lowered from $2250. Rebate+ amounts were increased, except for a new PHEV.

There is a more detailed description of this in an earlier blog post.

Rebate+ Qualification

There are 3 ways to qualify for Rebate+

- Live in an environmental justice or distressed community.
- Have an income of no more than 3 times the federal poverty level.
- Participate in an eligible government assistance program. On that front, there was an expansion with 2 additional programs qualifying: Winter Protection

Program and Home Energy Solutions.

Greater details about the qualifying programs, including which communities are EJ or distressed, can be found on the CHEAPR website.

Possible Further Reduction in BEV Incentive

The reduced BEV incentive is happening because the program is burning through its budget too quickly and risks an interruption in dispensing incentives. Since the primary BEV incentive accounts for the vast bulk of the disbursements, this reduction will reduce the burn by a third or more. However, if the program still runs hot, there will be a further reduction from $1500 to $1000 in July. This will be determined based on pacing from January to April.

The elephant in the room, of course, is what will happen with the federal incentive. The consensus view is that the incoming administration will go after it. How that looks, exactly, and how fast it happens remains to be seen. A full repeal would require Congressional action, but short of that, new rule-making could still have a major impact.

We have seen consumer behavior respond strongly to incentives, so it is quite possible that EV sales will slow if the IRA is repealed or significantly restricted. A slowdown would affect the CHEAPR burn rate, but the impact is not likely to be fully reflected during the January to April period.

There is more to watch at the federal level than just the IRA. Will the administration attempt to claw back NEVI funds that are allocated to support charging infrastructure? Will they roll back federal fuel efficiency standards or seek, as was done during the first Trump term, to revoke the California waiver that has allowed CA to adopt more stringent standards and gives other states the option to opt-in? (Connecticut is following the California phase 1 standards that expire at the end of 2025 and has not opted into the successor phase 2 program.)

Fleet Incentives Sort of Update

The elusive fleet update is still being worked on and has no announced start date. However, there is a Federal Department of Energy grant for municipal EV purchase incentives. This is a $2 million grant called the Energy Efficiency Conservation Block Program (EECBP) that, while not yet a lock, DEEP is expecting to receive. There are a lot of rules around this and not every community will benefit. The target communities are in the screenshot below.

EECBG Priority Districts	
Ansonia	Plainfield
Chaplin	Plymouth
Derby	Preston
East Haven	Putnam
Griswold	Sprague
Killingly	Sterling
Montville	Voluntown
Naugatuck	Winchester
New London	Windham
North Stonington	

Vouchers of $5000 to $20,000 will be awarded to selected municipalities for EV purchases. DEEP has positioned this block grant disbursement as a dry-run for the fleet incentives for which $2 million are being held in reserve. When the CHEAPR fleet incentives become available, they will apply to non-profit, tribal, and commercial entities, as well as municipal.