

CHEAPR May 2022

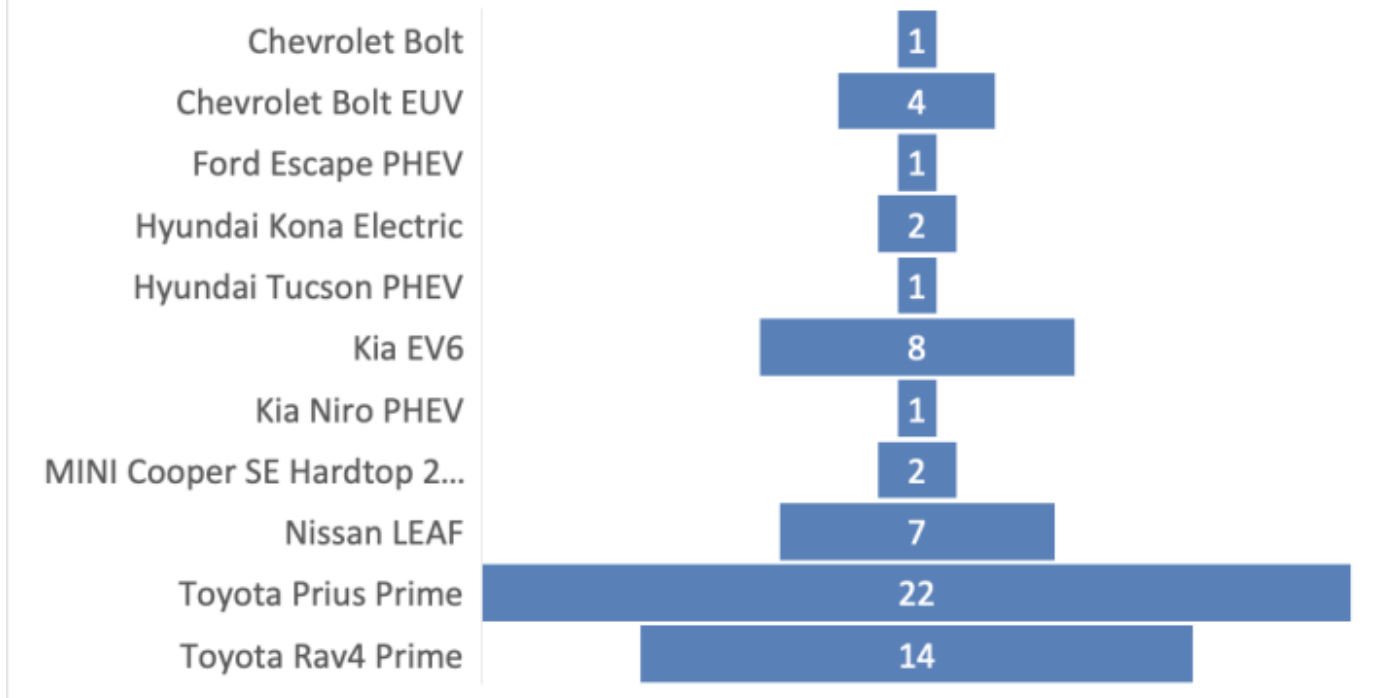
\$50K MSRP Cap Effective July 1

The first of the changes to the incentive program has been implemented as of July 1, namely an increase in the \$42,000 MSRP cap to \$50,000. This is still below the average cost of an EV, but at least it helps keep up with inflation to some degree and enables additional models to be eligible, a mix of BEVs and PHEVs, including the BMW 3 Series PHEV, BMW i3, Polestar 2, and Ford Mustang Mach-E. Not all trim levels may fall within the price cap. A reminder, the price cap applies to the base price of the trim level, excluding taxes, title, destination charges, and options. It also excludes any dealer markup. The DEEP website is not 100% up to date with respect to eligible vehicles. If you are in the process of buying an EV that you think should be eligible but you're being told by a dealer that it isn't, it could be a matter of the database not being updated. Contact cheapr@energycenter.org. If that doesn't work, you can reach out to the club.

May Rebate Data

The low level of rebates continues and it will be 2 months at least before we see the impact of the higher MSRP cap, longer for the other program changes. There were 63 rebates – 39 PHEV, 24 BEV – also the typical recent pattern with the Toyota PHEVs getting the most action. Otherwise, there was a modest pop with the Kia EV6, which going forward will have more eligible trim levels under the new price cap. There were no income-limited rebates.

May 2022 CHEAPR Rebates by Model



CHEAPR Update April 2022

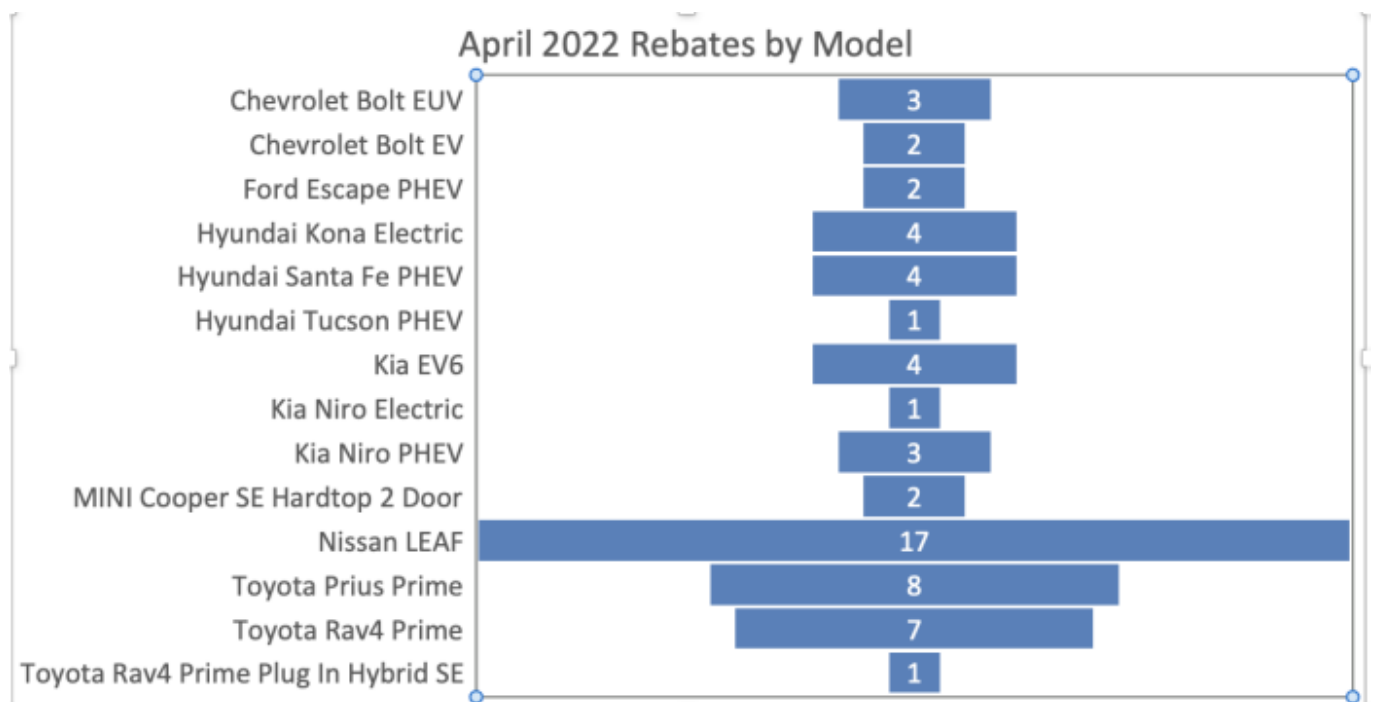
Treading Water – Awaiting New Program Implementation

The data for April have been posted, a low number of 51 rebates. We are in a holding pattern at this point as we await the particulars of the implementation of changes mandated in Public Act 22-25 (a.k.a. SB-4). Rebates declined from 114 in March. There were no income-limited Rebate+ incentives awarded.

During these supply-constrained times, the rebates by model often fluctuate and that was the case in April with the large

decline in the RAV4 Prime from 42 to 8. (Note: the numbers in the chart below do not tie back to the total. That is because there are slightly different numbers in the Tableau graphic on the CHEAPR website than the accompanying spreadsheet.) Given that the RAV4 Prime has been so dominant, it actually tilted the balance to a slightly higher number of BEVs, driven by a relatively strong number for the Nissan Leaf and signs of life for the Chevy Bolt and Kia EV6.

Of course, the new legislation is expected to dramatically change things. There are specifics that DEEP has to decide, as well as implementation logistics to be developed. There is a CHEAPR board meeting in a few weeks and we will report on any specific announcements made at that time. Our review of the legislation can be found [here](#).



SB-4 Passes the Legislature

Major Changes to CHEAPR Incentive Program Coming

The big environmental omnibus bill with 16 parts to it passed the legislature today. It awaits the signature of the governor.

CHEAPR Highlights

- Eliminates the program's sunset date, which was December 31, 2025.
- Expands the board and turns into a strictly advisory body. In other words, DEEP makes all the decisions.
- MSRP cap is raised from \$42,000 to \$50,000. (It remains at \$60,000 for FCEVs.)
- Loosens eligibility for income limited (known as LMI) rebate eligibility. The current program, which has awarded very few rebates, requires someone to be using certain government assistance programs, such as SNAP (food stamps), Operation Fuel, and others. It now adds an income threshold of 3 times the poverty level, which translates to \$83,250 for a family of 4 or \$40,770 for an individual.
- Adds a minimum \$500 rebate for e-bikes (DEEP has discretion to modify it) for an e-bike costing no more than \$3,000. This rebate is intended for income limited individuals. (The legislation isn't totally clear – it says "prioritize granting incentives" to these individuals.)
- Raises the CHEAPR budget considerably. CHEAPR will now receive the entirety of the GHG fees collected during registration. This would yield roughly \$8 million

compared to the current \$3 million budget. But that's not all. The program, beginning in 2024, will also get proceeds from the RGGI (regional power plant cap and trade) program that previously went to the Green Bank.

- Incentive amounts are not addressed in the bill. They are set by DEEP.
- Expands eligibility from the current residential owner only to include municipalities, businesses, nonprofits, and tribal entities. These new entities can receive up to 10 incentives in any one year with a total cap of 20. Entities operating entirely in environmental justice communities can be allocated additional incentives by DEEP.
- DEEP is required to submit a report on program performance to the legislature on an annual basis.

A Number of Other provisions Are in the Bill.

Here are some of them.

- Accelerates the transition to EV school buses. There is a requirement that by 2030 in environmental justice communities and by 2040 elsewhere, all school buses must be electric or "alternative fuel." (Alternative fuel includes natural gas, hydrogen, propane, or biofuels. These are not zero-emission vehicles and we don't agree with this aspect of the legislation.) A major change is that school districts are able to enter into contracts that have a maximum 10-year duration, up from 5. This enables EV school buses pencil out. The bill establishes a grant program to help municipalities fund the transition, which is administered by DEEP.
- Prohibits purchase of diesel-powered transit buses as of 2024.
- Requires 50% of the state's vehicle fleet to be electric by 2026.

- Adoption of the California emission standards for medium and heavy-duty vehicles. This made it through after failing last year and it is a big deal. It includes a voucher program to offset some of the cost for fleet owners to make the transition, funded out of the CHEAPR account. These same fleet operators will be able to tap the utility incentives to offset the cost of charging infrastructure and mitigate demand charges.
- Traffic signal matching grant program. This helps municipalities fund smart traffic lights (which really do reduce emissions).
- Right to charge legislation. The objective is to prevent condo associations or landlords from unreasonably refusing a request from a resident to install an EV charging station. We will be examining this in more detail to understand the various use cases.
- The discount that all of us EV owners have enjoyed with respect to vehicle registration goes away.
- In general, it makes available funds to leverage federal matching grants, something that last year's failed TCI legislation would have done.

When Will CHEAPR Changes Be Implemented?

There is an open question regarding when the changes in the CHEAPR program will take effect. The bill has language about July 1, but that is unrealistic. The implementation logistics take time. The last time there were significant changes to CHEAPR, particularly the addition of the LMI incentives, it took 6 months to develop the back-end. Now they need to get into income-verification, which is something they tried hard to avoid previously. Aside from the restrictiveness of the current LMI eligibility, one of the barriers to its use is that unlike the main CHEAPR rebate, which is cash on the hood, it is provided after the fact, forcing an income limited individual to float the cash. If there is any way to make this a credit on the invoice, that would be a big improvement.

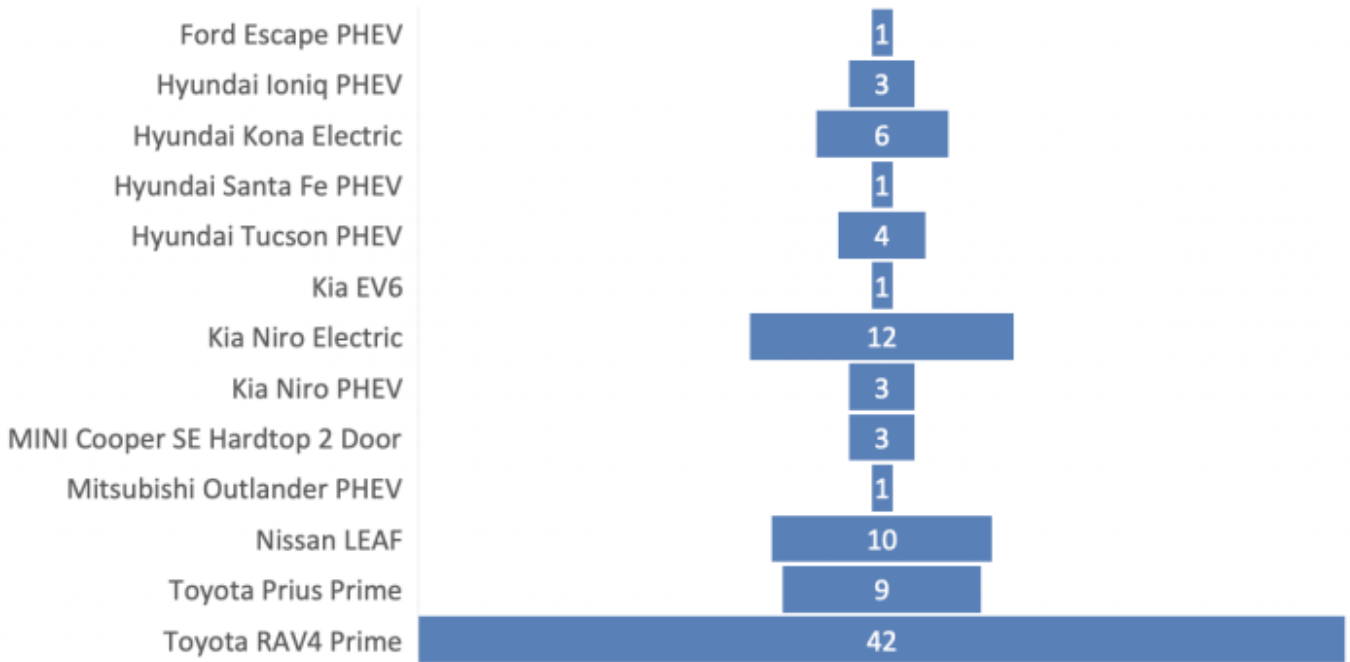
There was a lengthy discussion at the board meeting in March about the administrative burden of doing that. The next CHEAPR board meeting is in June and perhaps some of these details will be addressed.

CHEAPR – Update and SB-4 Passes Senate

Modest Increase in March Rebates

The CHEAPR rebate count was up modestly to 96 rebates, 64 of them PHEVs. The big gorilla was the Toyota RAV4 Prime, continuing its run as by far and away the rebate leader. It is quite amazing to see how much the RAV4 has cannibalized the Prius Prime, which was down to only 9 rebates. The Kia Niro placed a distant second with 12 rebates, and the first rebate for the new Kia EV6 appeared. Below is the disposition of all the rebates by model.

Rebate by Model - March 2022



Legislation

The major news is that SB-4, the big environmental omnibus bill which includes significant changes to CHEAPR has passed the Senate. The vote was largely along party lines with only one Republican voting in favor. It now goes before the House. Momentum seems to be with it. Since this is a short session, we'll know in less than a week. We will give a more detailed summary of the changes for CHEAPR if it passes, but the headlines are an increase in the MSRP cap to \$50,000, loosening the requirements for the income-limited incentives, and extending eligibility to businesses, fleets, municipalities, and tribal entities.

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.

Where Should You Buy an EV

The top photo, is a panoramic shot taken by Dawn Henry at our Green Wheels EV Parade and Showcase, showing some of the breadth of EVs on the market, though not all of them are rebate eligible.

CHEAPR Rebates by Dealership Updated

by Barry Kresch

At the EV Club, it is not uncommon for us to have consumers tell us about their dealership experiences as they buy an electric car. These are highly variable. Some dealerships make an effort to sell EVs. Others try to convince customers to buy an ICE vehicle instead. Some have vehicles that are charged and ready for test drives, others not so much. Oftentimes, the customer knows more about the vehicle than the salesperson.

Some dealers make the CHEAPR rebate the seamless experience it is intended to be. Others try and push it onto the consumer to varying degrees. (Just for the record, for a new vehicle CHEAPR incentive, the dealer is supposed to submit the

paperwork and the rebate should appear as a credit on the invoice. This “cash on the hood” aspect is the best thing about the program design.)

The approach here is to use the number of rebates awarded as a proxy for EV-friendliness. It does have some limitations in that not every dealer sells CHEAPR eligible vehicles, which are BEVs and PHEVs that have an MSRP of no more than \$42,000.

Some of the newer EVs that are showing early signs of success are either completely or mostly above the MSRP cap. Examples are the Ford Mustang Mach-E, Jeep Wrangler PHEV, and Volkswagen ID.4.

Freedom of Information Act request

The data below were obtained via a Freedom of Information Act request to the Department of Energy and Environmental Protection and are from 2021 only, intending to reflect the current state of the market. There were Tesla rebates in 2021, but these are not included in the tables because Tesla sells corporately, and it is safe to say it does want to sell EVs. If a dealership does not appear in any of the tables, it is because there were no rebates associated with it. Some dealerships sell more than one make. We had granular data as to which vehicle model received the rebate, so they a dealership may be assigned to multiple brands accordingly.

There is often a very large gap between the dealers with the strongest performance and most of the rest, as you will readily see.

Toyota

Toyota has been the recent king of CHEAPR rebates with two popular PHEVs that are eligible (RAV4 Prime and Prius Prime). All Toyota has been a consistently strong performer. At the other end of the spectrum, New Country Toyota, located in the city (Westport) with the highest per capita EV ownership in

the state, awarded a paltry 5 incentives.

Toyota	Count
A1 Toyota	101
Lynch Toyota	83
MIDDLETOWN TOYOTA	62
Westbrook Toyota	47
Hoffman Toyota	46
Toyota of Stamford	43
Toyota of Wallingford	42
Torrington Toyota	38
Colonial Motors Inc	24
Stephen Toyota	22
Toyota of Greenwich	22
GREENTREE TOYOTA	21
Gale Toyota	20
Toyota of Colchester	18
Charles Toyota	17
Hartford Toyota	15
Dowling Toyota	11
Curry Toyota	7
New Country Toyota of Westport	5
Girard Motors	1

Hyundai

Hyundai has been more of a factor recently with its Kona and Ioniq lineup. Brandfon and Danbury Hyundai were the standouts.

Hyundai	Count
Brandfon Hyundai	46
Danbury Fair Hyundai LLC	41
Meriden Hyundai	23
Torrington Hyundai Inc	20
Stamford Hyundai	15
Key Hyundai of Milford	14
The MJ Sullivan Automotive Corner	5
Lia Hyundai	3
Key Hyundai Of Manchester	1

Chevrolet

All of these rebates are for the Bolt. This benighted vehicle first had the launch of its refreshed model and sibling EUV delayed due to the pandemic. When it was finally introduced last year, it showed stronger results than its predecessor. Then a small number of battery fires, for which the cause proved maddeningly difficult to pin down, ultimately cascaded into a full-blown recall of every Bolt manufactured. According to a recent report in [MotorBiscuit.com](https://www.motorbiscuit.com), which characterizes the Bolt as “doomed,” Chevy has shifted its hopes to its planned EUV version of the Equinox, along with an electrified Silverado. Both of these are 2024 model year vehicles, expected to be on sale in the fall of 2023.

Chevrolet	Count
Maritime Chevrolet	14
Richard Chevrolet	12
Northwest Hills Chevrolet Buick GMC	10
Karl Chevrolet	9
Cargill Chevrolet	8
Oneills Chevrolet Buick	8
Scranton Chevrolet of Norwich	6
The MJ Sullivan Automotive Corner	6
Grossman Chevrolet Nissan	4
Partyka Chevrolet	4
Bob Valenti Chevrolet	3
Gengras Chevrolet	3
H & L Chevrolet	3
Vernon Chevrolet	3
Executive Chevrolet	3
Loehmann Blasius Chevrolet, Inc	3
CARITE OF CONNECTICUT LLC	2
Ingersoll Auto of Danbury	2
Chevrolet of Milford	1
Dave McDermott Chevrolet	1
Devan Chevrolet Buick of Wilton	1
Wow Woodbury Chevrolet	1

Nissan

The Nissan rebates are for one of the first EVs introduced, namely the Leaf. This BEV has never been a particularly strong seller, which is reflected in generally low rebate counts. Still, there is a considerable spread with Harte leading the pack. Nissan is introducing a new BEV called the Ariya.

Nissan	Count
GEORGE HARTE NISSAN	20
Crowley Nissan	18
Middletown Nissan	6
Grossman Chevrolet Nissan	5
Gates GMC Nissan	4
County Line Buick Nissan Inc	4
Bruce Bennett Nissan	2
D'Addario Nissan	2
HOFFMAN OF EAST HARTFORD INC	1
Nissan of Norwich	1
Girard Motors	1

Kia

Kia makes both a BEV and PHEV version of its Niro and one dealership that stands above the others.

Kia	Count
Executive Kia	17
Premier KIA	7
Blasius KIA	3
Crowley Buick Oldsmobile LLC	3
Danbury Kia	2
Napoli Kia	2
Columbia Ford Kia	1
LOEHMANN BLASIOUS CHEVROLET INC	1

Honda

Honda pulled the plug on its Clarity PHEV, a vehicle that had received little corporate support over the past couple of years. It is one of the few PHEVs with an electric range of over 40 miles. Westport Honda, which had tremendous success with the Clarity, does not appear on the chart, presumably because what we're seeing here is the selling off of residual inventory. Honda will not have a replacement electric vehicle until 2024 when it plans to release an EUV called the Prologue.

Honda	Count
Curtiss Ryan Honda	5
Schaller Honda	4
Liberty Honda	3
Cardinal Honda	2
Brandfon Honda	1
Sullivan Honda	1

Subaru

Subaru has one plug-in, the PHEV CrossTrek, which is not a strong seller.

Subaru	Count
Premier Subaru	10
DAN PERKINS SUBARU INC	5
Subaru Stamford	3
Colonial Subaru, Inc	2
Reynolds' Garage and Marine	2
Center Subaru	1
Gengras Subaru Torrington	1
Schaller Subaru	1
Secor Subaru	1

Mini

There is a Mini BEV and PHEV.

Mini	Count
Mini of Fairfield County	14
New Country Motors Inc	12

Chrysler

Chrysler has been selling the Pacifica PHEV minivan for some years. It has never been a big seller. The vehicle from the company's sister brand, the Jeep Wrangler PHEV, is meeting with early success but is above the MSRP cap.

Chrysler	Count
Mitchell Chrysler Dodge Ram	2
Robert's Chrysler	2
Scap Chrysler Dodge Jeep Ram	2
Valenti Chrysler Dodge Jeep Ram	2

Volkswagen

VW has transitioned from its e-Golf to the ID.4, the first of its new generation of BEVs to be sold in this country. Most of the ID.4 trim levels exceed the MSRP cap of the CHEAPR program.

VW	Count
Executive Volkswagen of North Haven	3
Curran Volkswagen Inc.	2
Gengras Volkswagen of Plainville	2
Valenti Motors, Inc	2
Vernon Volkswagen	1

Ford

Ford has made major progress with its strategy of producing electric versions of its iconic Mustang and F150 nameplates. The EUV Mustang Mach-E is above the MSRP cap and is currently supply-constrained. The electric F150 Lightning has yet to begin deliveries. Only the base trim level will qualify for the rebate based on the pre-release announced pricing. Usually, early production focuses on the premium trim levels which are more profitable. The rebates here are for the Fusion Energi PHEV, a low-volume vehicle.

Ford	Count
Columbia Ford Kia	3
Stamford Ford Lincoln	1

Mitsubishi

Mitsubishi has been selling its Outlander PHEV sport utility vehicle. Reportedly, a success story abroad, it never found much traction here.

Mitsubishi	Count
Fairfield Mitsubishi	4

2021 CHEAPR Wrap

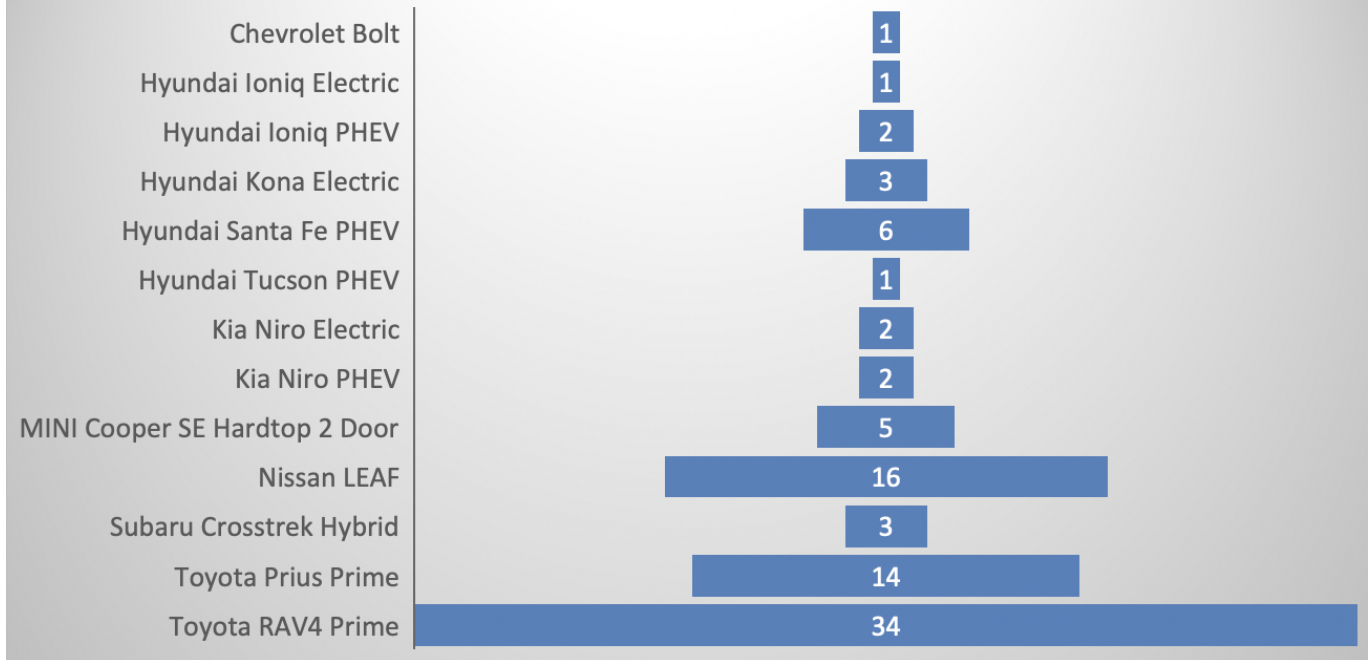
CHEAPR Quietly Finishes a Quiet Year

We can begin with the good news: 2021 was an improvement over 2020, though that is a low bar. Otherwise, meh.

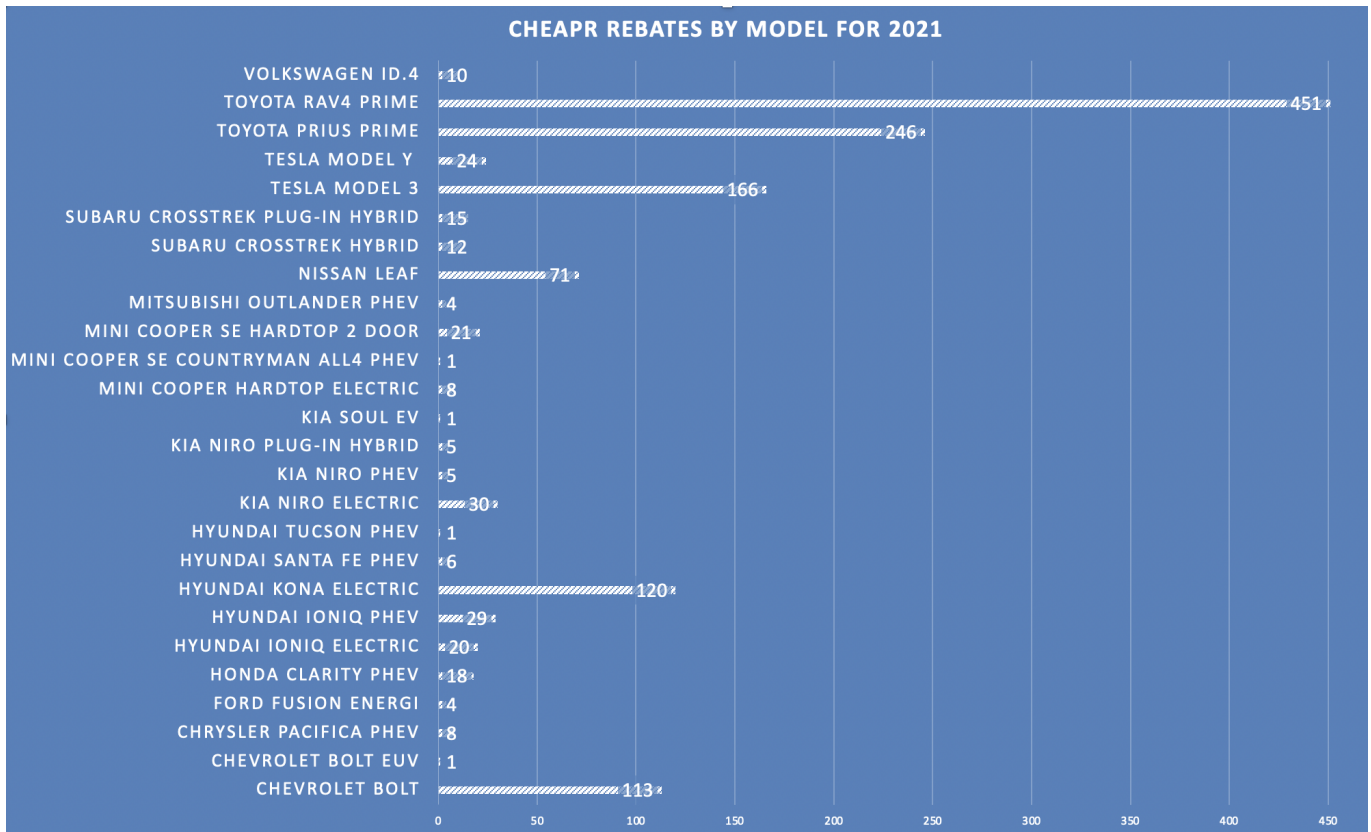
There were 90 rebates awarded and \$110,250 expended in December. The annual totals are 1390 rebates and \$1,588,000, so another year in which the program did not spend its budget. With funds rolling over, that should mean a war chest of over \$6 million for 2022. (The comparable annual totals for 2020 are 675 rebates and \$723,500.)

The program also continues its recent trend of being dominated by PHEVs with the Toyota RAV4 Prime leading the way. 62 of 90 rebates in December were PHEV.

Dec 2021 Rebates by Model



This is the distribution of models for the full year. The Model 3 Standard Range Plus was eligible before the price increase and the Model Y Standard Range was eligible briefly before Tesla halted production. As the year progressed, deliveries of the RAV4 Prime ramped and it correlated with a decline in Prius Prime deliveries. The RAV4 is likely to be a bigger part of 2022.



There appears to have been one Rebate+ incentive given in December.

This program has been in a trough for quite some time, and as we've written before, the next chance to approve changes will be at the March board meeting on March 16th, 3:00 – 5:00 PM. Unfortunately, their format is for public comments to occur at the end of the meeting. So they are essentially noted for the record and not used as input, something else that needs to be reconsidered.

CHEAPR Posts Lowest Numbers

of the Year in November

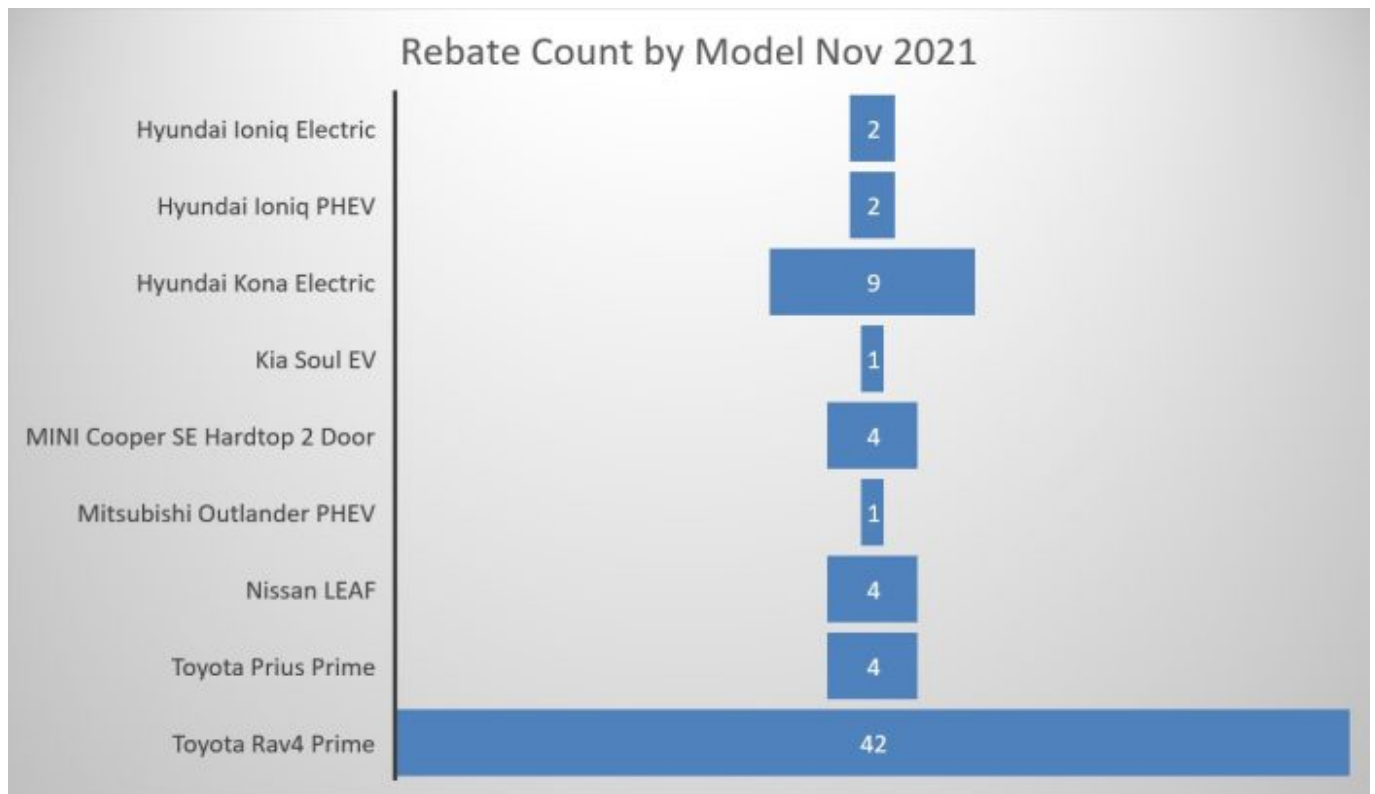
This is the last post of the year for this blog and we wish all of our readers a happy and safe 2022! We hope to kick off our 2022 reporting on all things EV in CT with details of the final EV Rate Design incentives for chargers and charging to be offered through the utilities. The program is slated to go into effect in a few days, but we have not yet seen the final documents.

Soft November 2021 Rebate Level Led By Toyota

Our state EV purchase incentive program has its slowest month of the year in November with only 69 rebates awarded. The pattern of recent months continued.

The Toyota RAV4 Prime is by far the dominant model with 42 of the 69 rebates, or 61%. The next highest model is the Hyundai Kona Electric with 9. The Prius Prime, which had been the most rebated model prior to the ascendance of the RAV4 barely registered with only 4 rebates. Toyota is no doubt expending a lot of effort to understand why the Prius has fallen off so. It seems that consumers looking for fuel efficiency are gravitating toward a model that can do more, not to mention have more electric range.

There were no Tesla rebates as the base trim level Model 3 no longer qualifies due to a price increase. There were no Bolt rebates as GM pushes its way through its massive recall. Perhaps by February, we'll begin to see new Bolt sales.



Driven by the RAV4, PHEV rebates accounted for 49 of the 69 rebates.

The Rebate+ incentives continue to be sparse with 2 rebates for used vehicles going to a Nissan Leaf and a Kia Soul.

DEEP Disappointment

CHEAPR Continues to Limp Along

At one point during the CHEAPR board meeting held on December 16, one of the board members observed (I'm saying this without sarcasm) that it is harder than it looks to give away money. By that measure, the program is performing with flying colors

(that is sarcasm) as it looks to close another year without coming close to spending the budget, a year that was strong for vehicle sales generally. (Unspent funds get rolled over.) There seems to be a lack of urgency by most, though not all, of the board to get the program on track.

Higher Incentive Retained for the Present

As of June 2021, the base incentive levels were raised by 50%. A BEV now gets an incentive of \$2250, up from the prior level of \$1500. PHEVs were raised from \$500 to \$750. The higher incentive was positioned as a temporary adder, dependent on funds availability and set to sunset at the end of 2021. It comes as absolutely no surprise that depletion of funds was a non-issue. When we first wrote about the new incentives in June, it was an [easy call](#) back then. These incentive levels are now designated to remain in force until March (by a 5 to 2 vote) when an analysis and forecast that the board has requested from its consultant will be presented at the next board meeting. My prognostication is that the higher incentive will remain in force at through 2022.

Rebate Plus

The Rebate Plus incentives remain in force. These are so-called “LMI” incentives, targeted to lower and middle income people. They were not intended to be temporary. The problem has been that very few have been distributed – 3 through the end of October.

No Raise in MSRP Cap

There was a second motion to raise the MSRP cap to \$45,000 from its current \$42,000. This small raise wouldn't have made much difference, but it failed 4-2, with the majority saying

they wanted to wait to review the analysis in March.

Forecast and Budget

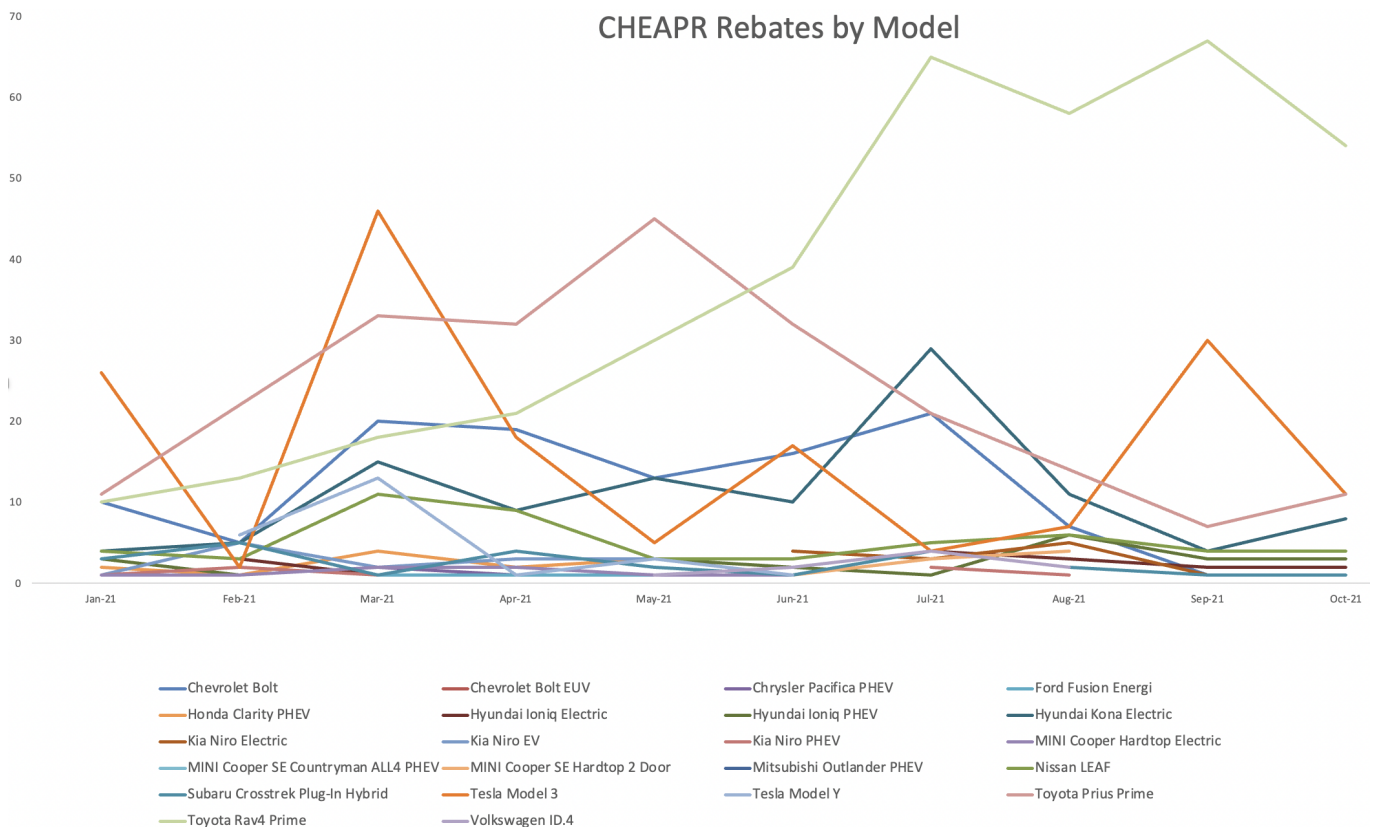
It is no secret that the EV Club and the larger EV Coalition want to see this program positioned more aggressively and break out of the multi-year doldrums. The consultant analysis, as it did last year, will involve forecasting. That is fine as far as it goes, but we should keep in mind that the forecast for 2021 missed by a mile. It can be an input but should not be sacrosanct.

With respect to the budget, while the program is budgeted for \$3 million per year, it had over \$5 million in the bank due to the rollover of past unspent funds. Continuing the program as is pretty much guarantees at least an underspent first half of the year. Even if at the March meeting, the board adopts a more proactive stance, there will still need to be an implementation period. The only thing that represents any change is a new wave of outreach for the Rebate Plus incentives targeting lower income individuals. More outreach is welcome, but we are not expecting more than a modest increase in these incentives.

The proposed changes that would make the most difference are a higher MRSP cap, looser LMI criteria, along with some kind of LMI pre-qualification so that it is cash on the hood. (There was pushback from DEEP on the pre-qualification based on experience in other states where many went through the pre-qualification process but did not then use the incentive, and whether that makes the idea an inefficient use of resources.) Even if these changes are implemented, given the backlog of unspent funds and likelihood of being in force for half the year at most, the chance of funds depletion in 2022 is vanishingly small.

Trends

Rebates follow vehicles, based on eligibility and popularity. The program has shifted toward a plug-in hybrid dominant pattern. PHEVs accounted for the majority of rebates in 8 of 10 months this year, and every month since April. Below is a chart of rebates by vehicle model by month for 2021 that is a bit difficult to read, but it shows the trends driving the changes:



- The RAV4 Prime PHEV looks to be a big hit for Toyota and is the line that shoots above all others on the graph. That has been the single biggest factor, though it has been somewhat offset by a concomitant decline in the Prius Prime. The RAV4 does seem to be cannibalizing Prius sales.
- There were several significant BEV declines in the Tesla Model Y, Model 3, and Chevy Bolt.
- The Model Y had some rebates early in the year, but

Tesla has discontinued the base trim level of the vehicle and the other trim levels do not qualify for the rebate.

- The Model 3, where only the base trim level has qualified for the incentive, has been more of a factor. Since Tesla has been experiencing high demand for the Models Y and 3, the company has prioritized delivering the more expensive versions. There are spikes in Model 3 rebates when they deliver a batch. There was a big spike in March and a lesser spark in September. More recently, there has been a price increase in the Standard Range Plus Model 3 and it no longer qualifies for rebates.
- The Chevrolet Bolt had seen improving sales with its recent refresh and lower price point. The recall stopped that dead in its tracks. The new Bolt EUV barely got out of the gate. Bolt rebates have been falling since July and have been zero for the most recent two months. New deliveries are not expected for at least another couple of months or so as GM works through its repair backlog.
- Finally, there are popular new BEVs that exceed the MSRP cap. As it currently stands, the rebate program excludes the first, second, and fourth most popular BEVs currently for sale in the U.S. that together comprise 75% of overall BEV sales (Tesla Models Y and 3, and Ford Mustang Mach-E).

EV Coalition Letter to DEEP

The EV Coalition sent a letter to DEEP to present our concerns and suggestions to the board. These are:

- Raise the MSRP cap to at least \$50,000.
- Extend the temporary higher incentives levels through 2022. (This has been done through March and, as noted, could be extended further.)
- Loosen the income criteria for Rebate Plus. It is supposed to target lower middle income individuals but

is in practice limited to low income.

- Add a pre-qualification for Rebate Plus so the rebate can be given at the point of sale and the consumer won't have to float the cash.
- Make all EVs eligible for the Rebate Plus Used. Eligible used vehicles are limited to vehicles that were rebate eligible when new and exclude vehicles manufactured before the program inception in 2015. The point of an MSRP cap in the main program is to control costs by not subsidizing individuals who can afford an expensive car. Where to draw that line is a matter of judgment. In the case of the Rebate Plus Used, there already is an income screen. We don't see the point of restricting vehicle choice and it really feels like an "own goal."
- Do a better job of calling out the main program components on the program home page. We have inquiries come to the EV Club with folks not fully understanding the program because they haven't taken the time to go through the denser material such as the FAQs.
- Delete the misleading headline that a consumer can get a rebate of as high as \$9500. This would require a low-income individual to buy a new fuel-cell vehicle (the most expensive type of zero-emission vehicle). There have been no fuel cell incentives awarded in the program's history and none are currently for sale in the state.
- Improve dealer compliance. Though our evidence is anecdotal (i.e. people who reach out to the club), there are two concerns here. The first is from dealers who don't seem to want anything to do with the program and tell consumers that it is their responsibility to file for the incentive after the purchase, which, well, no. The second is where a dealer does know how the incentive works but does not want to float the cash for the time period from when the vehicle is delivered and when they get reimbursed by the state. One club-member told us the dealership literally gave him an IOU.

- As you can see from the low vote counts, the board has unfilled positions. 7 of the 8 serving board members were present at the meeting and there are 4 vacancies. The vacancies have existed for months. There is statutory language around who can fill board seats. For example, 3 seats are reserved for “Selection for Industrial Fleet or Transportation Companies,” despite the fact that fleet or transportation company vehicles are not eligible for these rebates. One of these slots is filled by one of the Deputy Commissioners of the Department of Transportation. There are no representatives of EV consumers/advocates. There is a dealership representative, a dealership trade association (vacant) representative, but no representatives from the companies seeking to sell direct in this state. The question remains whether this is a board that will ever lean forward to get more EVs on the road.

The club, of course, desires a successful purchase incentive program and would like nothing better than for DEEP to take a deserved bow for accomplishing this. We would like to think we’re both working toward the same goals. It doesn’t always feel that way. Strategically, we would like a successful program to act as a basis for asking for more support, especially if there are available green-focused funds as there would be if TCI were to pass. The way things are now, color us skeptical. Your comments are welcome.

CHEAPR October Update

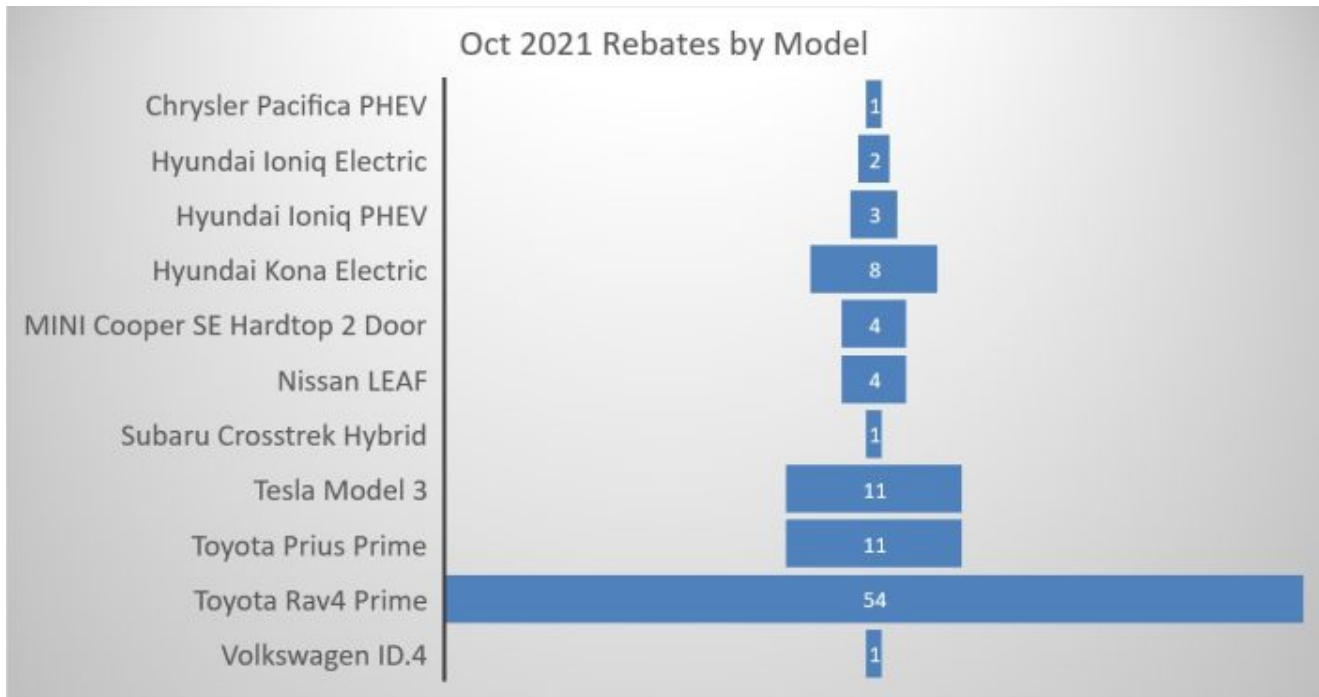
Rebates Slip in October

100 rebates were awarded in October, down from 124 in September. Of these rebates, 1 was a Rebate Plus for a used Leaf. (There have only been 3 Rebate Plus awards to date.) Rebate expenditures year to date (excluding admin and dealer rebates) are \$1,394,500. We'll likely be around \$1.7 million for the year, making for the third consecutive year that the program will have been under-spent. If funds continue to roll over, the budget for next year could be over \$6 million. At the very least, that provides a more than comfortable cushion for any prospective changes.

The trend of PHEVs dominating the rebates continues with 70 of the 100 rebates falling under that fuel-type. From our perspective, although we're fine with PHEVs being part of the program, it has a lower emissions impact if they represent the lion's share. This is likely to continue. The biggest rebate-driver continues to be the Toyota RAV4 Prime, accounting for over half of all rebates. It looks to be a major success and appears to have cannibalized its lower-cost stablemate Prius Prime. The PHEV trend is also driven by the lack of new BEV models that qualify under the MSRP cap and GM's continuing saga of the Bolt battery recall (manufacturing has still not restarted and won't this year).

There were 11 Tesla Model 3 rebates, more than any other BEV, but going forward, there will no longer be any Tesla rebates. Tesla slightly reconfigured and raised the price of the base trim level Model 3 about a month ago. According to Tesla.com, the vehicle cost is now \$44,990 before taxes, title, and destination charges. The range is slightly increased to 267 miles. 0-60 acceleration is 5.8 seconds, slow by Tesla standards. As the pipeline of earlier orders gets fulfilled, rebates for the Model 3 will cease as it is now above the \$42,000 cap. In terms of newer BEV models, there was one rebate for the Volkswagen ID.4. Not all of the ID.4 trim

levels qualify for the rebate.



There is a meeting of the CHEAPR board later this month. We hope they will take a hard look at program performance now that there are 5 months of data since the revisions were implemented. We hope they will think about ways to improve the Rebate + incentives, where the parameters are set for the main incentive, and how there are other potential toggles to control the burn rate should changes cause the program to run hot. The CT Electric Vehicle Coalition will be making its recommendations and publishing them here.

Rebate Amount vs Budget

