

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seen consumer behavior respond strongly to incentives, so it is quite possible that EV sales will slow if the IRA is repealed or significantly restricted.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.

Reduced CHEAPR BEV Incentive and Other Changes for 2025

Program Changes for 2025 Have Been Announced

Rebates have been running hot for this program for the past couple of years as can be seen in the graph. It has gotten to the point that the Department of Energy and Environmental Protection (DEEP), which administers the program, is concerned about funds depletion. To lower the temperature somewhat, the rebate for a battery electric vehicle is being reduced from \$2250 to \$1500 as of January, 2025. The BEV rebates have been accounting for 80% of the program expenditures.

Somewhat offsetting these cuts will be increases to the Rebate+ part of the program targeted to those who live in distressed communities, and individuals with a household income of less than 3 times the federal poverty level or who participate in certain government assistance programs such as food stamps or free school lunches.

The new rebate schedule is as follows:

- New BEV – from \$2250 to \$1500
- New BEV+ – from \$4250 to \$4500
- New PHEV – unchanged at \$750
- New PHEV+ – unchanged at \$1125
- Used BEV+ – from \$3000 to \$5000

- Used PHEV+ – from \$1125 to \$3000

During the most recent full month of reporting, September, there were 572 rebates, responsible for disbursements of \$1,246,000. 491 were BEVs for an expenditure of \$1,107,000, or 89% of the total.

There is a statutory limitation that the BEV+ increase can be twice the standard BEV rebate or \$1500 + \$3000.

Financial Impact

To give an idea of the impact of the changes, this is what September would have looked like. The new rebate levels would have reduced the expenditure in September by \$429,000, or 34%. There were 4 rebates for BEV+ used and 20 rebates for BEV+ new. The offsetting increases would have cost an additional \$13,000, though there are clearly hopes for growing this segment of the program. As it stands, it nets to a 33% reduction in burn rate.

Suggestion for Rebate+ Used

Vehicles eligible for the used rebate had to have been eligible as new vehicles. We feel that this needlessly restricts to available pool of vehicles and is confusing for consumers. The program has twice changed the MSRP cap and vehicle prices (and eligibility) have fluctuated, leaving a hodgepodge selection. For Rebate+, individuals have to demonstrate eligibility. The other rule is counterproductive.

Fleet Incentives

This is the final piece of the program that has not been introduced. It is expected to be in 2025 but no specific start date has been announced. The fleet incentives apply to commercial, non-profit, municipal and tribal entities. These

incentives will have a finite pool of funds. Applications will be taken and prioritized with a focus on distressed communities and high-mileage vehicles.

The next CHEAPR board meeting is December 12th at 3PM.

Cuts Expected for CHEAPR in 2025

The chart at the top of the post shows the number of rebates and amount of funds awarded monthly through August 2024. The reason for the dip in August is that there is only partial-month reporting available at this time.

This information is based on recent the CHEAPR board meeting.

CHEAPR Program Running Hot

As can be seen in the chart, the CT EV purchase incentive program has been running hot over the past 16 or so months. Between price cuts on the Tesla Models 3 and Y, along with new models being introduced by the legacy manufacturers, CHEAPR has dispensed \$7.9 million worth of rebates this calendar year through July 30 with another \$600 thousand in the processing pipeline. Last year, \$8.9 million was dispensed in total and this year will clearly exceed that. Fortunately, there have been carryover funds from past under-performance, but those will be burned through by next year.

Cuts Looming

The Department of Energy and Environmental Protection has budgeted \$9.2 million annually for incentive payments. Incentive payouts follow consumer demand and rebate levels, and 87% of the expenditures have been going to the Battery Electric Vehicle (BEV) standard incentive. The remainder is divided amongst PHEV rebates, along with supplemental rebates and used EV rebates for income limited individuals. A cut to the size of the standard rebate for BEVs will be used to slow the burn rate. While final action has not yet been taken, it is expected that the \$2250 standard BEV rebate will be rolled back to \$1500 as of January 1. Based on the first quarter run-rate, a further cut to \$1000 is possible for July.

EVs are currently in over-supply and discounts are widely available. It might make sense to take advantage of the full rebate while it is still here.

Increases for Plus Rebates

If cuts are made to the standard rebate, the tentative plan is to increase the size of the plus rebates. These rebates are for people who have a household income of no more than 3 times the federal poverty rate, or are enrolled in a qualifying state or federal government assistance program, such as food stamps or free school lunches, or live in an environmental justice community or distressed municipality. (This is the [page](#) that details these criteria.) For a new BEV, the Plus incentive would increase to \$3000 from \$2000, for a total incentive of \$4500, assuming the standard incentive is rolled back to \$1500. There would be increases in the PHEV incentive, and used BEV/PHEV incentives as well.

Increasing the Plus rebates will not break the bank as there are relatively few of them.

The legislature authorized increasing the size of the Plus rebates to up to 200% of the standard rebate level, which is what this would be if the standard rebate were to be cut to \$1500. It is not clear to us how the Plus incentive could be further increased without exceeding the 200% threshold.

The same legislation called for a program goal to dispense 40% of the funding to EJ/distressed communities by 2030. Currently, the closest proxy we have to that number, the Plus rebates, sits at about 6%, looking at the data since the end of June. That is a lot higher than it used to be, but nowhere near 40%. Clearly, a direction has been set for the program and we should expect to see changes between now and then.

One of the changes that has driven higher participation in the Plus rebate process is the option of a pre-qualification voucher. That way, the buyer knows they're approved before the purchase, and the incentive can come off the invoice price (as opposed to a post-purchase reimbursement which is what it was initially).

Will The Marketplace Change In A Way That Affects This?

Much of the non-Tesla part of the manufacturing side of the industry has announced pullbacks in their BEV expansion plans and a revived emphasis on plug-in hybrids. The numbers in the CHEAPR program aren't showing this to this point, though there is a lagging effect in terms of announcements relative to consumer adoption. The point is that if PHEVs gain market share, it will slow the burn rate. Unlike in the Inflation Reduction Act, PHEV incentives in CHEAPR are much lower than BEV incentives, \$750 vs \$2250 at current rates.

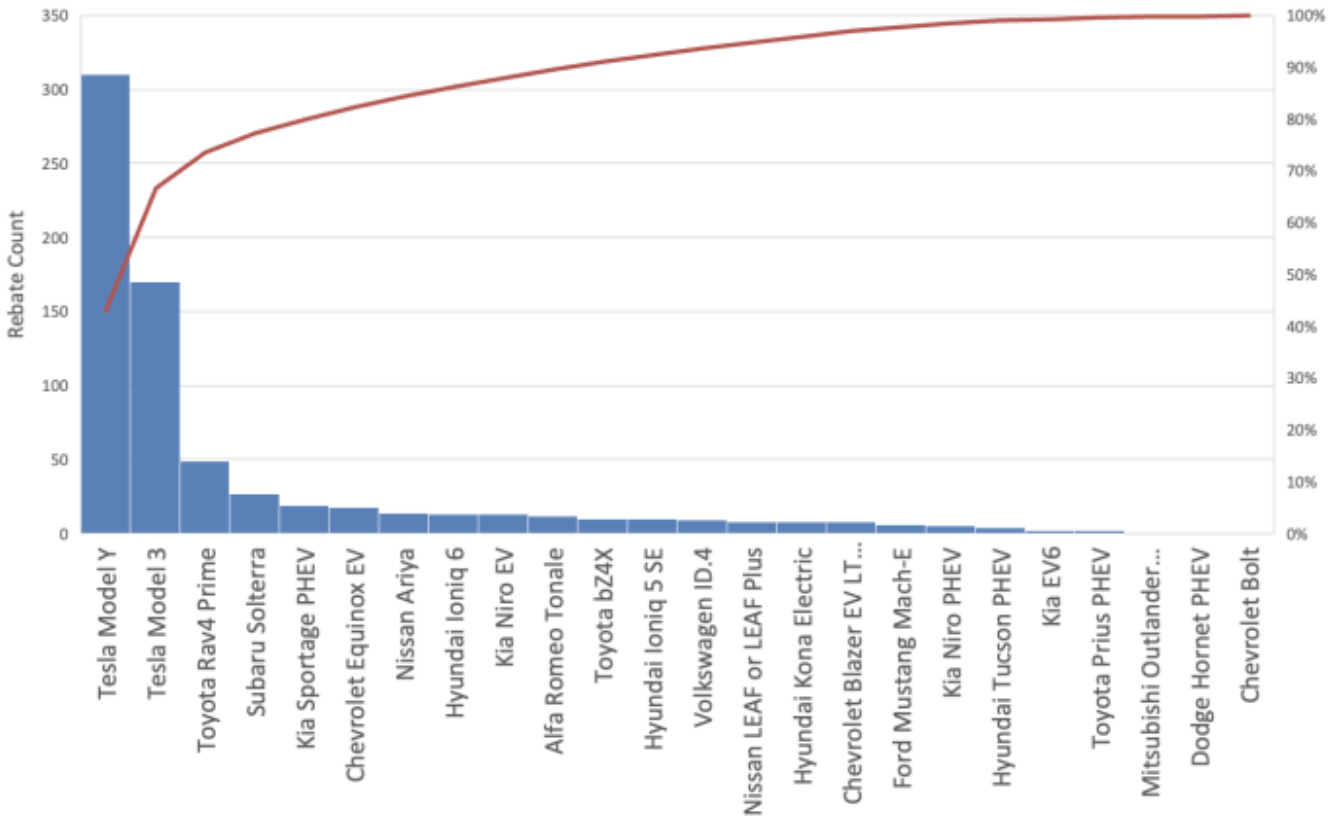
Fleet Incentive Postponement

A major program enhancement passed in the 2021 legislation and codified in Public Act 22-25 is the implementation of a very inclusive incentive for fleets – commercial, non-profit, municipal, and tribal. There had been \$2 million budgeted for this in 2024, but the program is still in the design phase and will not launch this year. As indicated by the \$2 million (which is not necessarily the number going forward), this is a finite resource. Equity will be prioritized for fleets, but it is not the only consideration. The tentative rubric that was developed for prioritizing the submissions is described in this earlier [blog post](#) from the time of the legislative session.

Rebates by Make/Model

This is the number of rebates by make/model for available Q3 data. Keep in mind that qualifying vehicles must have a base trim-level MSRP of no more than \$50,000. (This is different than the Inflation Reduction Act federal incentive MSRP definition, where the price cap includes factory-installed options.)

CHEAPR Rebates by Make/Model



CHEAPR Running Hot and Proposed Legislative Changes

CHEAPR Program Running Hot

The program has been setting records in terms of rebates awarded with each new month. January 2024 was a new high point with 708 rebates as seen in the chart at the top of this post.

CT saw a 47% increase in registered EVs in 2023 relative to the prior year and now a strong start to the year from the perspective of the rebate program. This comes amidst reports of a slowdown in EV sales, a first quarter miss in expected

deliveries by Tesla, and a retrenchment announced by Ford and GM. The robust CHEAPR rebates and slower sales can both be true. There is the difference between local and national numbers. And CHEAPR is driven by supply as well as demand, meaning that recent EV price-cutting has enabled more vehicles to be eligible by virtue of now having an MSRP under \$50,000.

The other trend in the national reporting is automakers, led by Toyota, shifting emphasis to PHEVs. That is certainly not showing up in the rebate data to this point. Of the 708 rebates in January, 640 of them were BEVs.

Still Waiting for Fleet Incentives

CHEAPR was redesigned in 2022 and there is still one component of the program that is not yet implemented, namely the incentive for fleets. Expectations were that it would go online this spring, but at the board meeting in March, no date was given.

The fleet incentive is potentially a big deal as it applies to municipalities, businesses, non-profits, and tribal entities. A fleet will be eligible for up to 10 incentives in a given year, capped at 20 total. This is only for new vehicles and the MSRP cap applies.

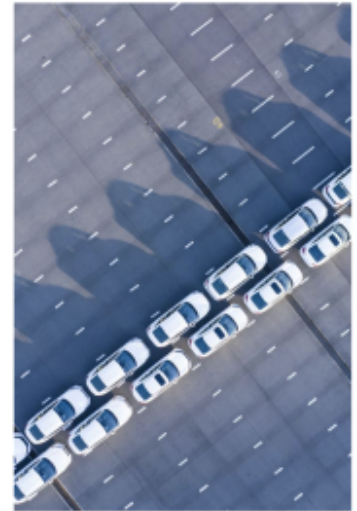
Not everyone will be able to obtain a fleet incentive. With the consumer part of the program running hot and the potential for a high number of fleet incentives, DEEP is prioritizing who can get them. These are the rules that have been developed. The slide was presented at a meeting in December, so never mind about that date.

CHEAPR FLEETS

Coming in the Spring of 2024

CHEAPR will be expanded to:

- Businesses, Municipalities, Non-Profits, and Tribal Entities.
- Pre-cert with Post-Purchase Rebate
 - must apply to DEEP and be approved prior to purchase or lease an eligible EV
- Fleets to be prioritized by the following criteria:
 - A home base within an Environmental Justice Community or Distressed Municipality;
 - A certified annual Vehicle Miles Traveled (VMT) of the applicant fleet above 20,000 miles per vehicle per year; or
 - Replacement of a vehicle older than 10 years.
- Other Details
 - Only New EVs will be eligible
 - Must be on CHEAPR eligible vehicle list (\leq \$50K MSRP)
 - Standard Rebate: \$2,250 (BEVs) | \$750 (PHEVs)
 - Non-government entities must provide Certificate of Legal Existence (Good Standing)
 - Fleets eligible for up to 10 rebate per year and 20 total



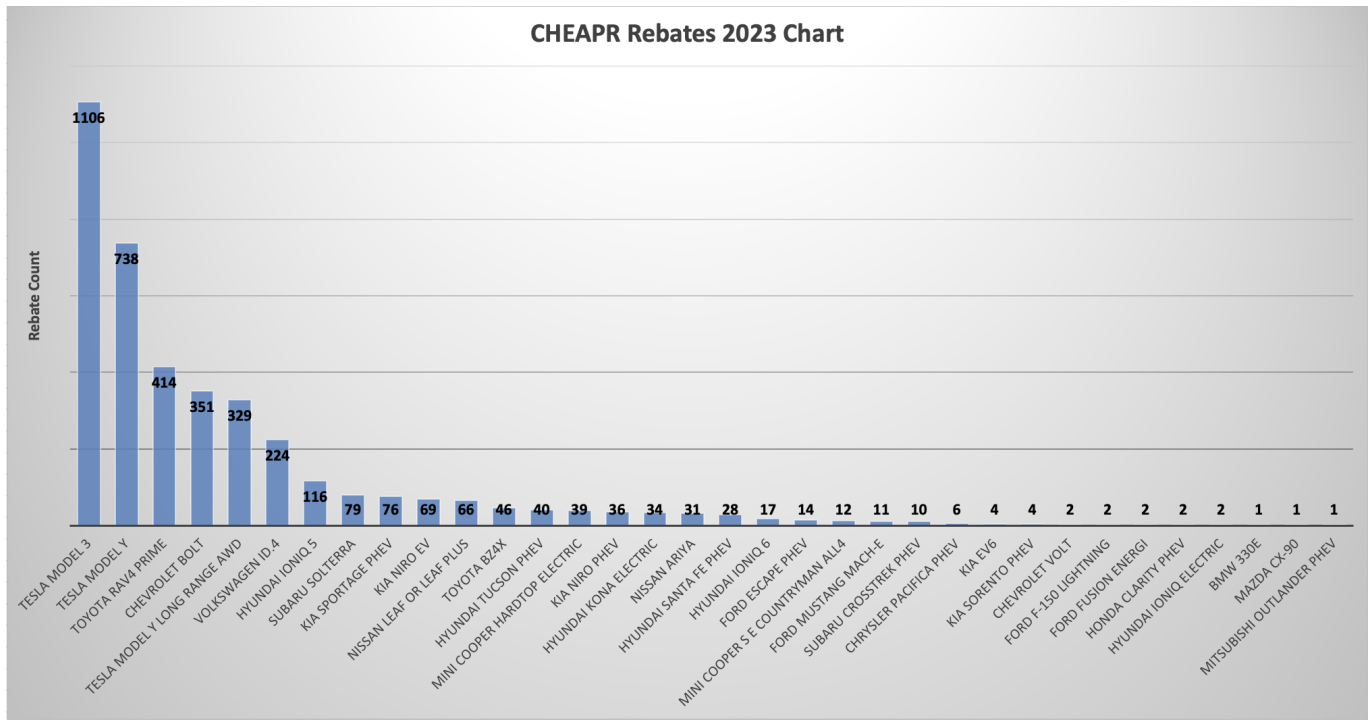
The next board meeting is in June. We will publish if there is an update.

Summary of 2023 Rebates by Model

Remember, the CHEAPR MSRP cap applies to the base trim level cost of a model, i.e. options not included. This differs from the MSRP cap definition in the federal incentive which includes factory installed options. Not all trim levels of a given model will be eligible. A dealer or manufacturer offering a discount or promotional rate does not reduce the MSRP for the purposes of determining eligibility. Manufacturer repricing does. For these reasons, rebates are not an exact proxy for sales. We know, for example, that the Model Y outsells the Model 3. Also, there are two Model Y columns in the chart as CHEAPR separates the LR AWD version of the Model Y, which they don't do for the Model 3 for some reason. Taken together, the two Tesla vehicles have almost identical rebate counts.

Since Tesla price-cutting has made more of its models/trim levels eligible, and because Tesla is efficient in letting its

customers know when they qualify, the Model 3 and Model Y have dominated. Number 3 is the PHEV Toyota RAV4 Prime, number 4 is the temporarily discontinued Chevy Bolt, and rounding out the top 5 is the VW ID.4.



Program Changes are Afoot

As Advanced Clean Cars II and Advanced Clean Trucks (ACC II/ACT) failed to make it past the legislature, the Transportation Committee raised a bill, HB 5485, entitled “AN ACT CONCERNING TRANSPORTATION INFRASTRUCTURE FOR ELECTRIC VEHICLES.”

It is mostly a study bill and its stated purpose is to assess CT’s readiness for widespread EV adoption and make plans to prepare for it. The bill gives the governor the ability to declare a climate emergency but does not grant any executive authority for him to take action. The governor himself characterized it as a “nothing-burger.” Also, DEEP had already done a lot of research in preparation for ACC II/ACT. If a stronger, more holistic plan to improve EV adoption generally

speaking, but especially in distressed communities comes out of it, that would be a benefit.

Arguably, it at least keeps the conversation going. The bill passed out of committee along partisan lines. The Republicans, who led the charge against ACC II/ACT, accuse it of leading to a mandate, even though that is not part of the bill. There can be changes before it comes before a vote in the full chamber. Nevertheless, it has a few specific actions and one of them has to do with redesigning CHEAPR.

The bill directs that CHEAPR be much more heavily focused on distressed communities and individuals with limited income, LMI for short. This is the language, in part: "The bill establishes a CHEAPR program goal to distribute, by January 1, 2030, at least 40% of rebate and voucher funding to a U.S. Census block group in which 30% or more of the population has an income below 200% of the federal poverty level." A few observations.

- The bill proposes redesigning CHEAPR before the components of the 2022 design have been fully implemented.
- Inexplicably, it proposes to track overall EV adoption using CHEAPR data, rather than the more complete sales and registration data.
- The 2022 changes included the addition of Rebate+ which offers higher incentives for LMI individuals and an incentive for used EVs. These incentives haven't gotten a lot of traction, but changes to eligibility rules and the implementation of a pre-qualification voucher have led to recent improvements in the rebate levels from almost nothing to ~5-6% of all rebates. Arguably, Rebate+ has thus far suffered from inadequate marketing.
- The current eligibility criteria for Rebate+ is participation in a government assistance program such as food stamps or free school lunch, among others, a household income that is no more than 3 times the

federal poverty level, or residing in an environmental justice or distressed community. The proposed definition is different and it would exclude LMI individuals not living in the designated census block groups.

- DEEP would be given the authority to increase LMI incentive levels to an additional 200% of standard rebate levels. At current incentive levels, this would translate to \$6750 for a BEV or \$3750 for a PHEV should they choose the maximal level. This is in addition to any applicable federal incentive.
- Comparing this proposed new Rebate+ to the current program is not apples to apples. But it does target a similar group, and if the 40% were a hard cap and if it were applied to the program as it exists today, it would shrink it by ~85%.
- There is some additional bonding authority in the bill that could direct additional funds to the program.
- In fairness, the target date noted is 2030, and by then EVs could be less costly than ICE. So, the logic could be that the more general need for an incentive would have lessened. It is not clear what the phase-in process would be.

The full bill text is [here](#). The “Cliff’s Notes” version is [here](#).

Signs of Life for Income-Limited Rebates

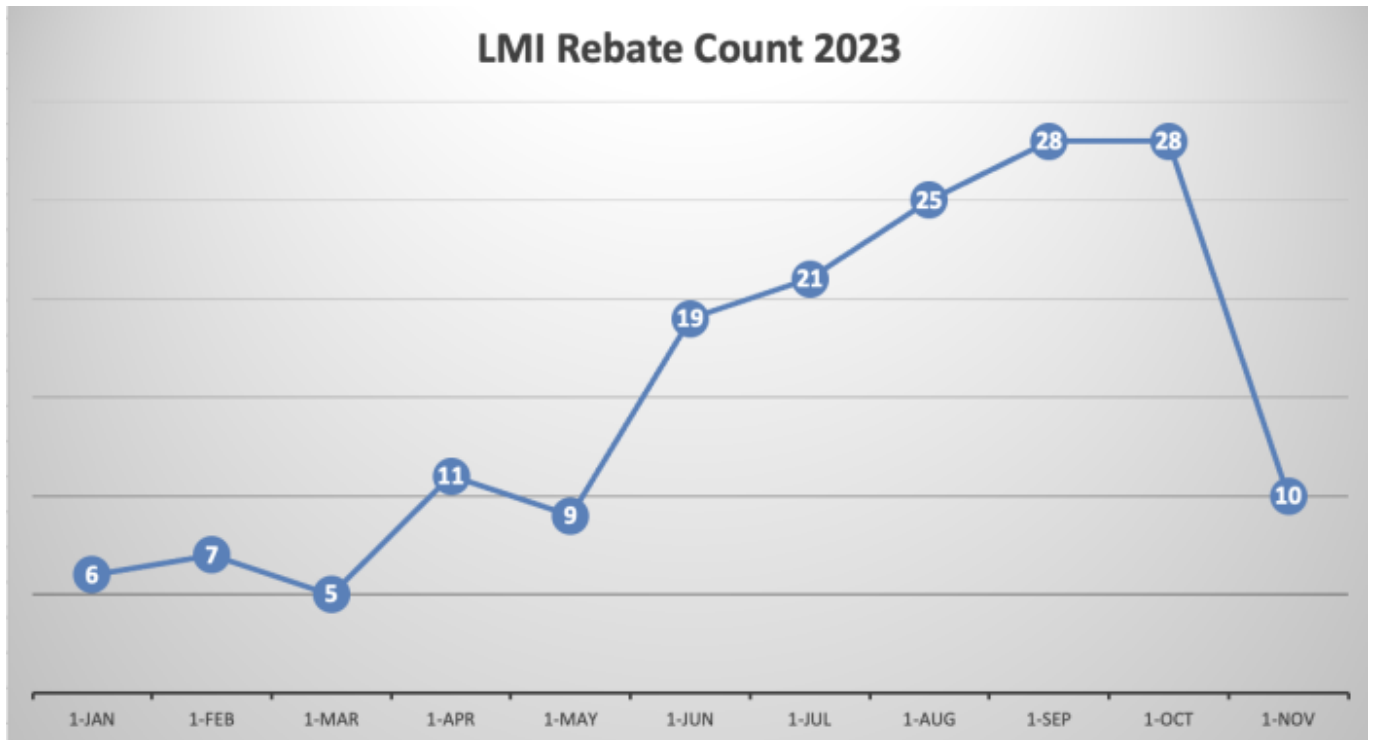
Above chart is the monthly rebate trend through November 29, 2023. Recent months tend to get restated higher in subsequent updates.

LMI Program Focus

The CHEAPR program has always had a focus on making an EV more affordable for those who otherwise might find the purchase price too high a barrier. There is an MSRP cap to avoid subsidizing the most expensive vehicles. (Until the recent Tesla price-cutting, Teslas were mostly not eligible.) The program also offers consumers with limited income an extra subsidy, as well as a used EV incentive. The standard for doing so was loosened somewhat in 2023 and now applies to households with an income of no more than 3 times the federal poverty level. This translates to \$43,740 for a single person or \$90,000 for a family of 4. (These numbers get adjusted every year.)

This revised incentive, often referred to as “LMI” for lower-middle income, also offers a “pre-qualification” voucher. Qualified purchasers obtain the voucher ahead of time, and the amount of the voucher can then be deducted from the price of the vehicle at the time of the sale. Even though it’s more complicated to administer, it represents an improvement for the consumer. Buyers now know ahead of time that they are approved for the rebate and no longer have to front the cash as they did with the earlier program design.

This revised program soft-launched in March of this year. Due to the one-year shelf-life of the voucher, it was expected that there would be a lagging effect. DEEP has reported high interest in the voucher, though specific data are not reported. We can only see the reporting based on redemption. There has definitely been an increase in recent months. We hope they will be higher as more vouchers are in circulation. The chart below tracks the monthly redemptions for 2023 through November. It is likely that November will be restated higher with the next release.



Overall Rebate Volume Slackens But Is Likely to Recover

This is shown in the chart at the top of the post. We believe that this had to do with the base trim level Model Y having been temporarily withdrawn from sale by Tesla as it redesigned the vehicle, and perhaps augmented by the Chevy Bolt's increasing scarcity as the model sunsets for the time being. The standard range Model Y is back now with an LFP battery, rear-wheel drive configuration for \$43,990 (at least today), well under the CHEAPR MSRP cap. The Model Y AWD long range is also under the cap at \$48,990. We expect rebate volume to pick up again. CHEAPR has dispensed about \$6.8 million year-to-date and is on pace to reach \$8 million. This is quadruple what it was in 2022 and is due to greater model availability and the increase in the MSRP cap to \$50,000.

Models

The most rebated vehicle this year is the Tesla Model 3 with 927 rebates, followed by the Model Y with 681. These are followed by the Toyota RAV4 Prime (380), Chevy Bolt (274), Volkswagen ID.4 (204), and Hyundai Ioniq 5 (116). All other models were <100.

Fleet Rebates Coming

The final program component included in the 2022 legislation is the rebate program for fleets. It is expected to launch sometime this spring. These apply to commercial, municipal, tribal, and non-profit entities – in other words just about all fleets. Fleets are eligible for up to 10 rebates in a calendar year and 20 total.

There is potentially significant demand for these rebates. Given that potential, and the program having a pretty high burn rate generally, not every applicant will necessarily be granted a rebate. Below is a slide from DEEP indicating how they are prioritizing rebate requests. Please note, the final contours of the program are still being developed.

Fleets to be prioritized by the following criteria:

- A home base within an Environmental Justice Community or Distressed Municipality;
- A certified annual Vehicle Miles Traveled (VMT) of the applicant fleet above 20,000 miles per vehicle per year; or
- Replacement of a vehicle older than 10 years.

The reason for these gating criteria is to avoid a lapse in available funds that would cause the program to be paused, like what happened in New Jersey. The rebate size and MSRP cap are the same as with the consumer rebates.

Rebates will be pre-certified (and the funds reserved) with post-purchase repayment.

Rebates Set Another Monthly Record

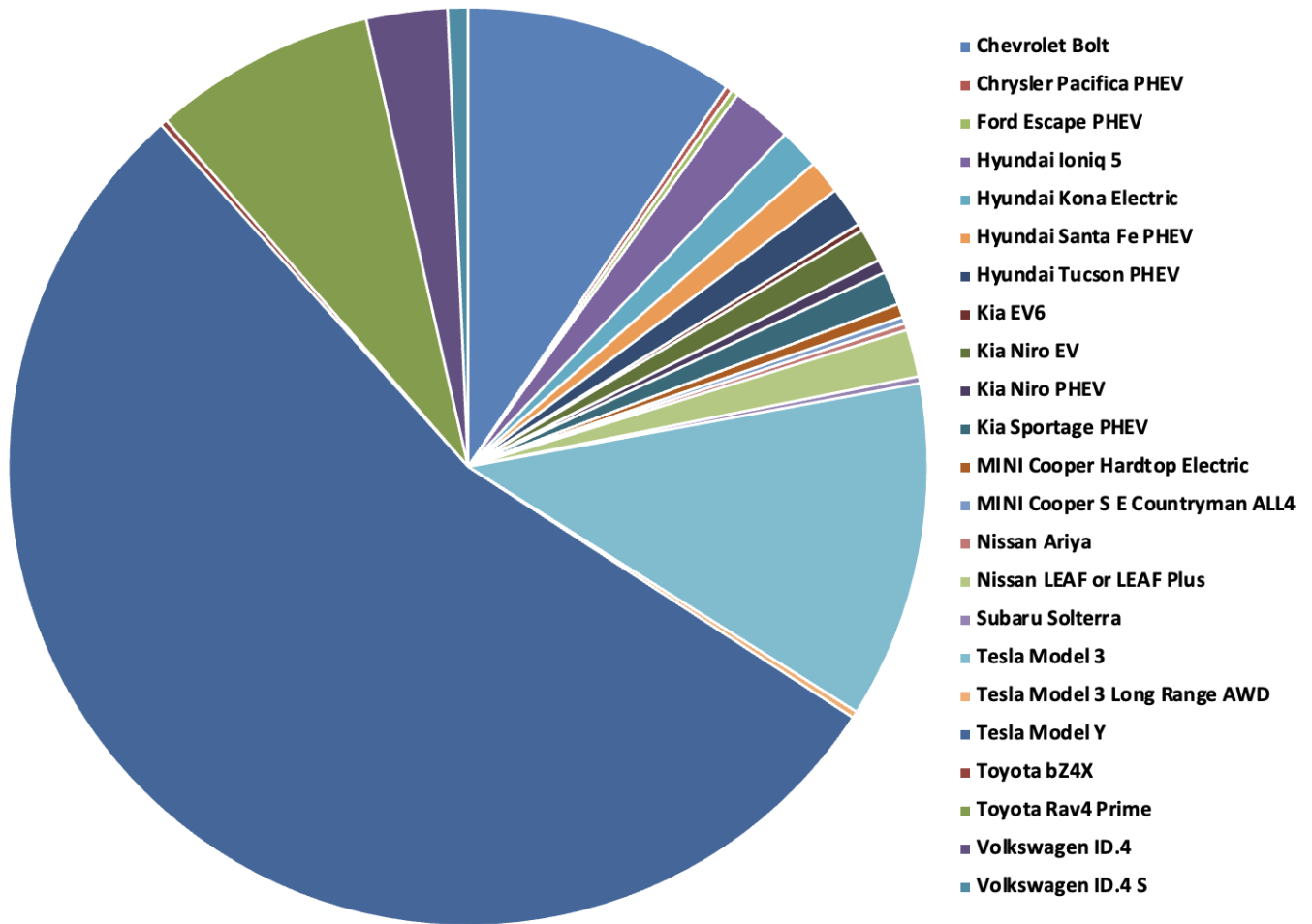
Tesla Model Y Leads Rebated Vehicles

CHEAPR set another record in June in terms of rebates awarded with 421 rebates, way exceeding the previous high water mark that occurred just one month prior of 286.

The best-selling EV in the country, the Tesla Model Y, leads the field by far with 228, or 54% of all rebates. Other models with double digit rebates

- Tesla Model 3 – 51
- Chevy Bolt – 40
- Toyota RAV4 Prime – 33
- Volkswagen ID.4 – 15

Rebates by Model - June 2023



E-Bike Rebates Sizzle

Things you can do in 13 minutes –

- Walk a mile
- Complete a simple crossword
- Reheat last night's leftovers

Or

- Blow through the entire e-bike voucher budget!

One of the new components of CHEAPR authorized last year in Public Act 22-25, e-bike rebate vouchers, went live in July. It was available for all of 13 minutes before the entire

budget was depleted with 6300+ applications received like a bolt of lightning. DEEP had originally budgeted \$500,000 for this first year, but increased it to \$750,000 when the strong demand became immediately clear. Still, that only extended the shelf-life by a scant few minutes.

Still Awaiting Traction for LMI rebates

There were only 4 of the supplemental Rebate+ incentives awarded to individuals who are income-qualified or live in distressed communities. There is hope for much higher numbers. We still counsel patience. DEEP has reported a good response with respect to the pre-qualification vouchers and the vouchers are good for a year. The public dataset does not contain information on the number of approved vouchers. The 4 incentives were all for new vehicles.

Fleet Rebate Postponement

The one new program component that still awaits launch is the fleet incentives. The eligibility is wide – commercial, non-profit, municipal, tribal entities. The limit is 10 incentives in a single year and 20 total. The standard CHEAPR incentive applies (i.e. not the supplemental), as does the \$50K MSRP cap. Reminder, MSRP is defined as the base price of the trim level ordered without accessories. The light-duty program launch had been expected imminently, but DEEP is taking a step back. In the wake of the overwhelming e-bike response, they are looking to be prepared in the event of robust demand.

There is also a medium and heavy-duty vehicle component to this program. This will launch sometime next year.

Burn Rate Running Hot

At the September Board Meeting, DEEP expressed some concern about funds depletion as the program gave out \$874,250 (not including e-bikes) in the month of June. They probably don't need to worry, at least for a while, as Tesla has withdrawn the Model Y standard range. The Tesla website now only lists the long range and performance trim levels, neither of which qualify for a CHEAPR incentive.

Latest Reporting Through May 2023 on CHEAPR Program

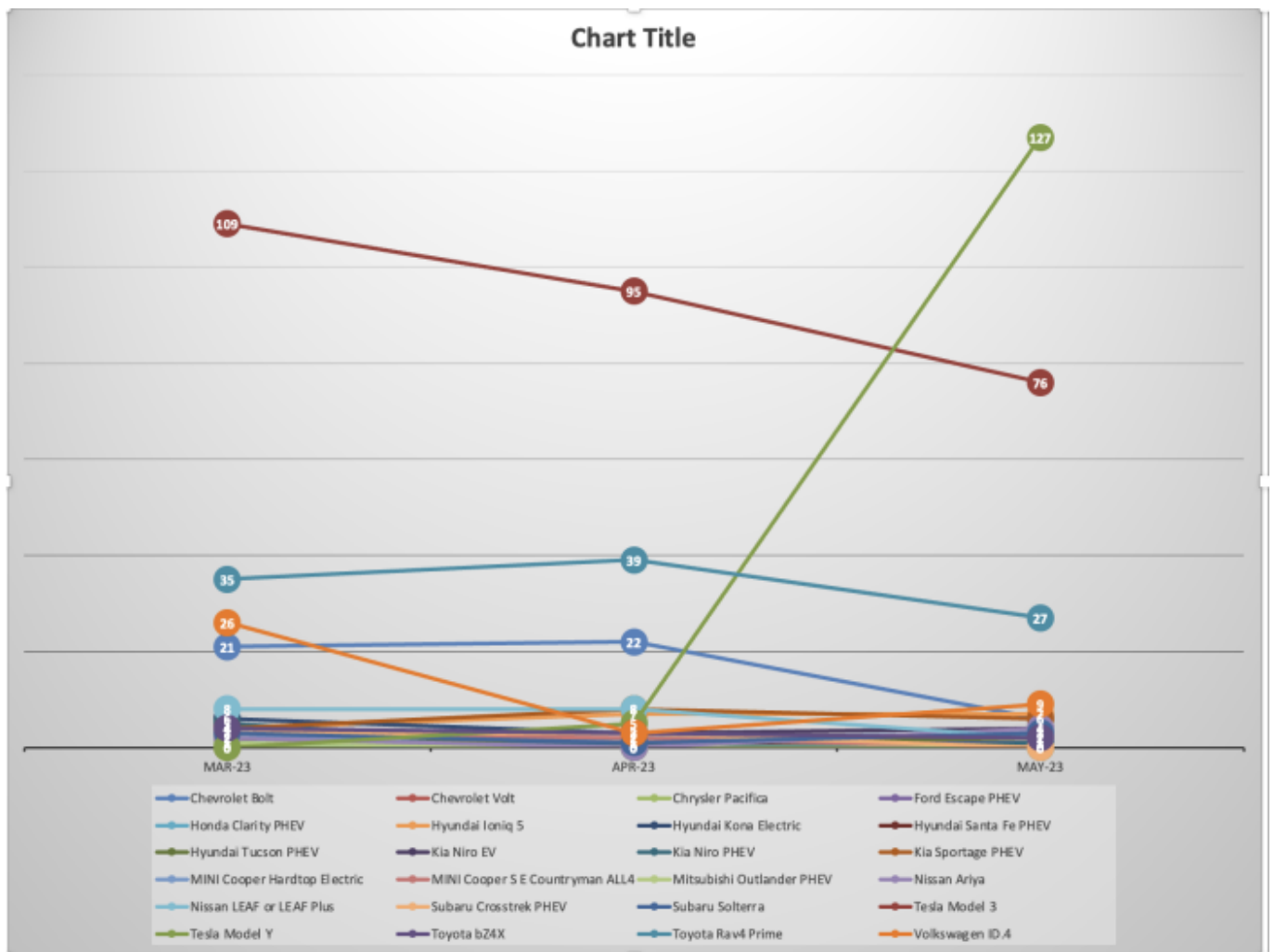
Rebates Way Up, Mostly Due to Tesla

DEEP has published stats through June 14th, but for the purposes of this post, we are looking at complete months, thus through May 31st.

As can be seen in the chart at the top of the post, rebates have really spiked. In fact, the 286 rebates in May is the most the program has ever had in a calendar month. This is mostly driven by Tesla.

Below is the trend of rebates by model. That green hockey stick is the Model Y. Price cutting by manufacturers has brought some popular models below the \$50K CHEAPR MSRP cap. The Model Y is the best-selling electric vehicle and the best-selling non-pickup vehicle in the USA, and as soon as the base trim level became eligible, it zoomed right to the top in terms of rebate count. The brown line that is currently second

is the Model 3. The base trim level Model 3, as well as the reintroduced long-range non-performance version are CHEAPR eligible.



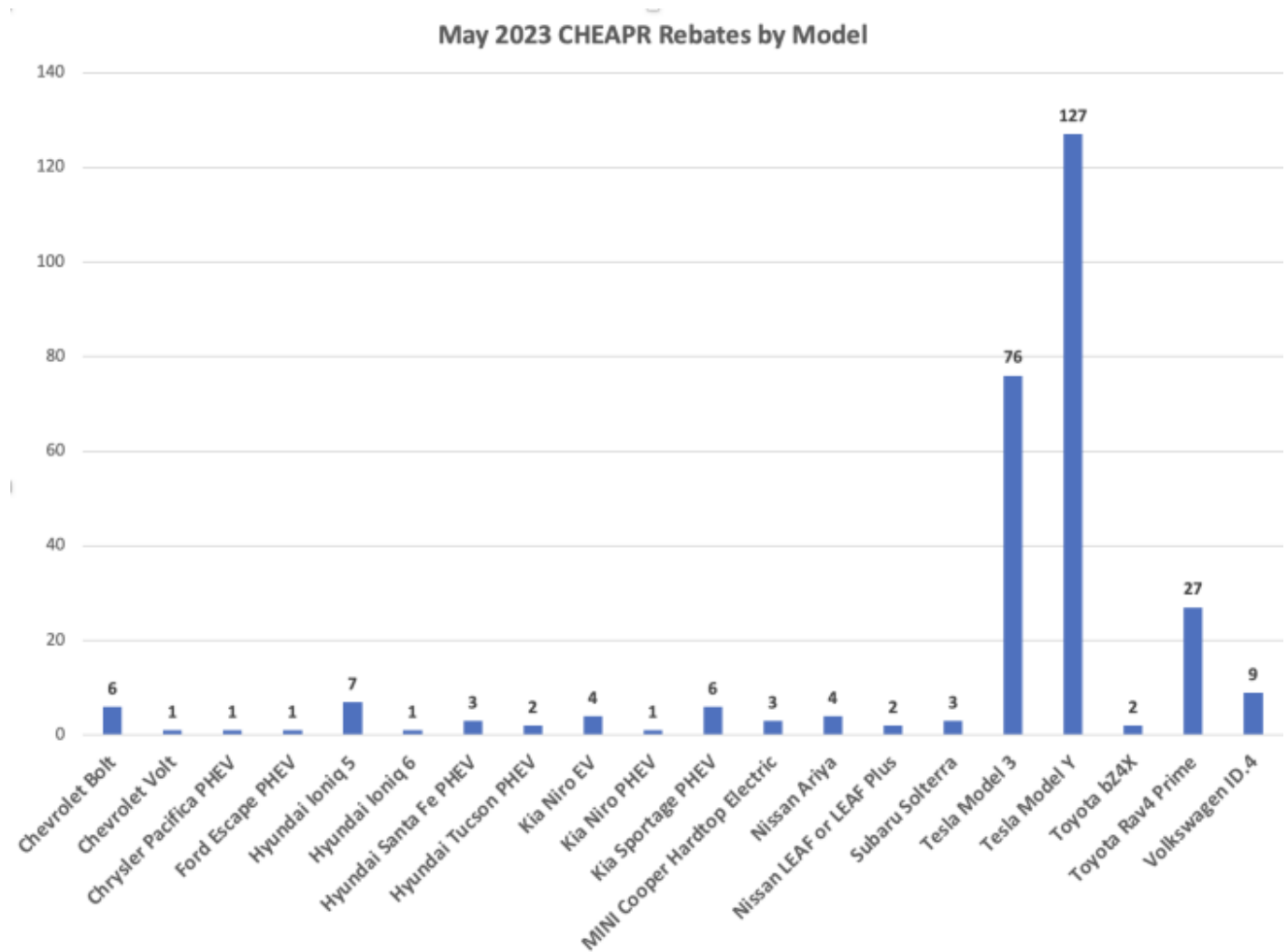
Aside from the Tesla vehicles being the most popular EVs, Tesla has been the best organized in terms of helping eligible consumers claim the rebate. With dealerships, it is bit of roulette as not all of them are up to date on the program or have knowledgeable salespeople. We have also heard that some of the finance companies that dealerships use for leased vehicles don't accommodate the incentive.

Ford recently announced a price cut for the F-150 Lightning and the base trim level will now qualify for CHEAPR.

Outside of the Tesla models, only the Toyota RAV4 Prime PHEV was rebated in double digits. The RAV4 had been a leader in

the number of rebates but has been tracking at a lower level more recently. The Chevy Bolt, particularly the newer EUV variant, had been building as the company began to see daylight in its recall efforts, but that momentum is stalling with the cancellation announcement. The Bolt had come to dominate the value segment. It was small but not that small, with a roughly 238 mile range for about \$30K. GM doesn't comment on future plans before they become firm, but they have dropped hints that they value the Bolt nameplate and, who knows, we may see a variant of it on the new Ultium platform.

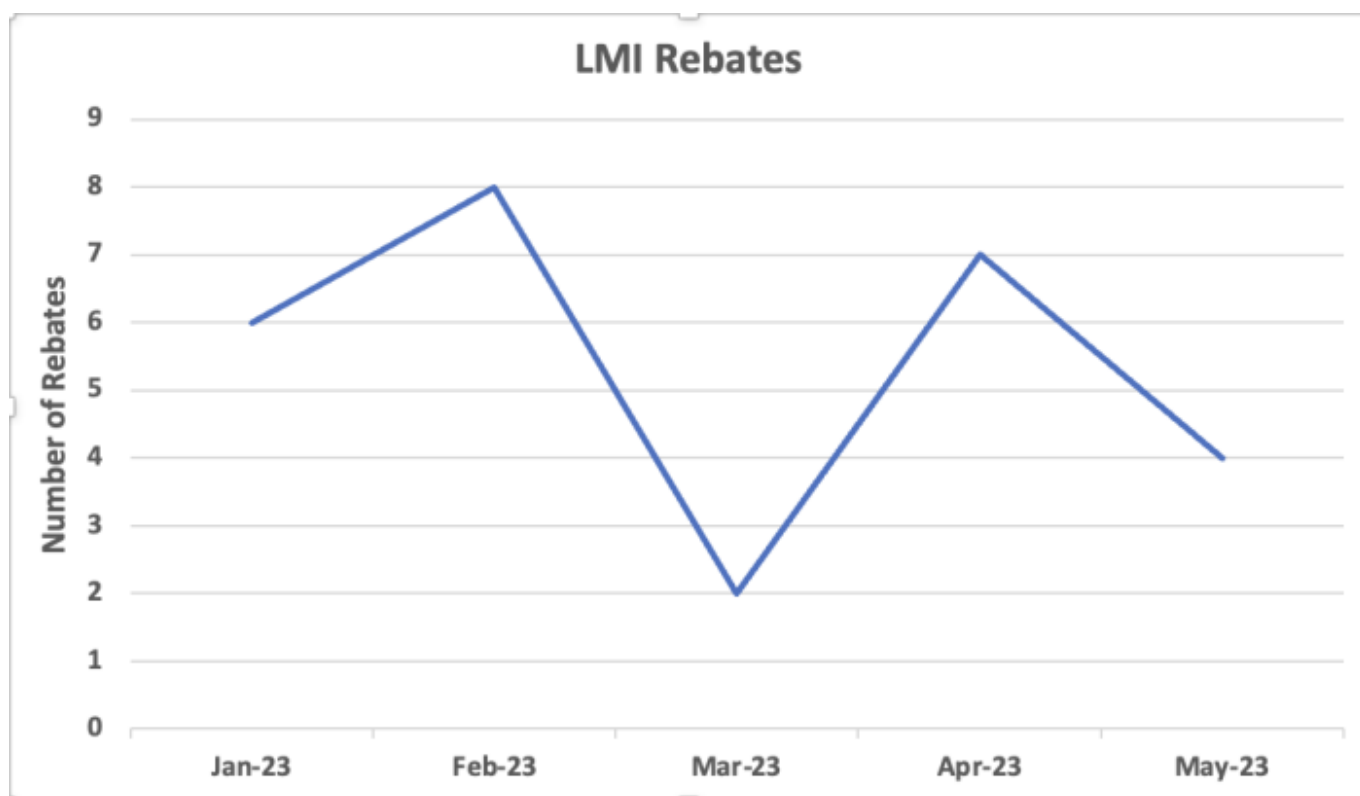
This is what May looks like.



New Rebate Plus – Rebates for Income-Limited Individuals

The latest piece of the CHEAPR program to go live was the loosened income standard and pre-qualification voucher for the supplemental income-limited rebates. The pre-qualification voucher enables the buyer to get a “cash on the hood” incentive, rather than be forced to float the cash until a reimbursement arrives. Also, the highly restrictive previous eligibility criteria was expanded to include anyone with an income level up to 3 times the Federal Poverty Level. More detail on this program can be found on this blog post [here](#).

DEEP reported an encouraging early response in terms of voucher requests. To this point, very few rebates are appearing in the data. This shows rebates by month for Rebate +. The program soft-launched, meaning absent a marketing push, on March 29. It feels to us that given the multi-step process, it is too soon to know how well this new program is working.



There are several things that have to happen before a voucher

request turns into an incentive.

- How long does it take to get the voucher approved?
- How long will the consumer take to place an order?
- How long will it take for the vehicle to be delivered?
- Is there any dealer friction over the new voucher process that holds up orders?
- How many people get a voucher that they then do not use?

Hopefully, we'll be in a position to get a better read on this by the fall.

CHEAPR – New Program Components Beginning to Be Implemented

The following is a summary of what was reported in the recent CHEAPR board meeting.

Pre-Qualification Voucher Program for Income Limited Persons

This new program soft-launched on March 29th.

There have been supplemental rebates for income-limited buyers (often short-handed as LMI) for new EV purchases, as well as rebates for used EV purchases for several years. These have gotten almost no traction. From the beginning, concerns were expressed that the criteria (participation in certain government assistance programs) were too restrictive and the post-purchase application process, whereby the purchaser had

to float the cash for the incentive (as well as live in some suspense that it would come through), were just not realistic.

Those complaints, along with the empirical data, led the legislature to direct changes to the program that became law in Public Act 22-25, passed in 2022. In addition to the government assistance program participation, an income option was added, specifically that households with income of up to 3 times the federal poverty rate would be eligible regardless of program participation. Some examples of 3x poverty: \$43,470 for a single person household and \$90,000 for a 4-person household.

DEEP reports this has led to an encouraging early response. This is based on vouchers awarded. It doesn't definitively mean that everyone who received a voucher has used it. That was a subject of discussion when the LMI program was first implemented. Apparently, some other states that had used vouchers had seen low conversion rates, and there was concern about how wasteful the extra admin overhead would be. As of this writing, DEEP has only updated published rebate data through April 13th, and there are no recorded LMI rebates between the end of March and April 13th, so it is too soon to have any visibility.

The next step is for there to be a marketing push. A vendor has been selected and we'll see how fast the information gets out.

Used EV Rebate

As noted above, the LMI program includes rebates for used EVs. The CHEAPR website indicates which EVs are eligible, just as it does for new EVs. Only vehicles that previously met the criteria for eligibility when new will be eligible as a used vehicle. We thought there might be a willingness to loosen this and it is disappointing this is not the case. We think it needlessly limits the options for the consumer. There is

already a gating requirement in terms of income limits. This feels needlessly restrictive.

There are some details that we await. The MSRP cap was lowered, then raised over the course of the program. Is the eligibility based on the current cap or the cap in effect at the time? What if a model has had price changes?

Fleet Incentive Program

A major addition to the program was extending the CHEAPR incentives to fleets. This applies to private fleets, municipalities, non-profits, and tribal entities. Non-profits must provide a Certificate of Legal Existence to prove good standing. According to DEEP, the launch will occur sometime in the third quarter.

The cap is 10 rebates per year and 20 lifetime. The DEEP commissioner has some flexibility to raise the cap for an organization if it is determined to be warranted.

The fleet program applies to new vehicles and the standard rebate only. The MSRP cap of \$50K applies here as it does with the consumer.

E-Bike Rebate

The first phase of the e-bike program is scheduled to launch on June 28th with a point of sale voucher for brick and mortar stores. Online sales will come along later. CT residents age 18 or older can apply for a voucher that can be redeemed for an eligible e-bike at a participating retailer. Check with your preferred e-bike retailer to see if they are enrolled in the program.

The base rebate is \$500. That can be augmented by an additional \$1000 for LMI individuals.

There is an MSRP cap of \$3000.

Eligible bikes must have either a UL 2849 or EN 15194 certification. (A pending certification does not count.) **This is an important requirement to ensure safe e-bikes are purchased.** Generally speaking, and unlike with automobiles, there is a paucity of regulation at this time. There is a lack of awareness that there are unsafe e-bikes out there, and with lithium-ion batteries, you are literally playing with fire.

Update: According to Bloomberg, the program was fully subscribed within 3 days of launch.

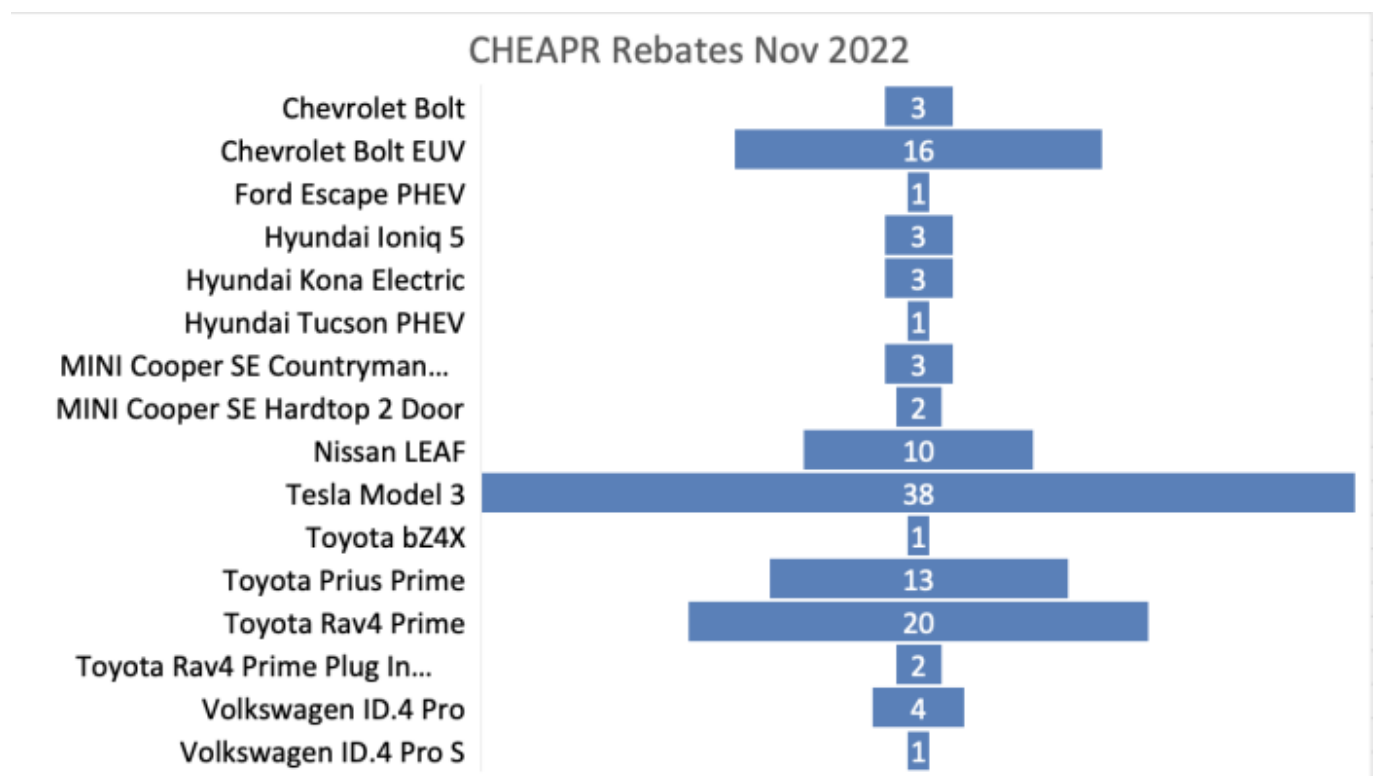
November CHEAPR

New CHEAPR incentives to arrive this year

Expansions to CHEAPR, courtesy of Public Act 22-25, passed by the legislature last year, effective as of July 2022, implemented piecemeal as they are built, will see the remaining parts come online this year. The new pre-qualification process for income limited incentives should be ready by the end of March and the “non-personal” incentives (businesses, municipalities, etc.) should be ready at some point in the second quarter. Unlike the cash on the hood consumer rebates, the non-personal incentives will have a post purchase process to claim the rebate. These will tell the tale as to whether the program will accelerate to a higher level. We are also expecting DEEP to expand the list of eligible used EVs, which we feel are unnecessarily constrained to only vehicles that were eligible as new vehicles.

November was similar to October with 121 rebates, slightly higher than the 112 (slightly restated) for November. Below is the distribution by model with the Tesla Model 3 the largest, followed by the Toyota RAV4 Prime PHEV and the Chevy Bolt EUV. The file sometimes breaks out different trim levels, which is what happened with the RAV4, where the SE (2 rebates) was reported separately. As we've noted before, CHEAPR can be a useful proxy to gauge which models that fit under the price cap are resonating with consumers, but it does that less well in this period where there are supply shortages. For example, even though the Bolt EUV looks like it is successful, GM is still dealing with recovering from the extensive recall and as a result, it is building replacement battery packs alongside new vehicles. That is a GM specific circumstance, but it has the same effect of constraining deliveries.

There was one income-limited rebate in November, a used Chevy Bolt.



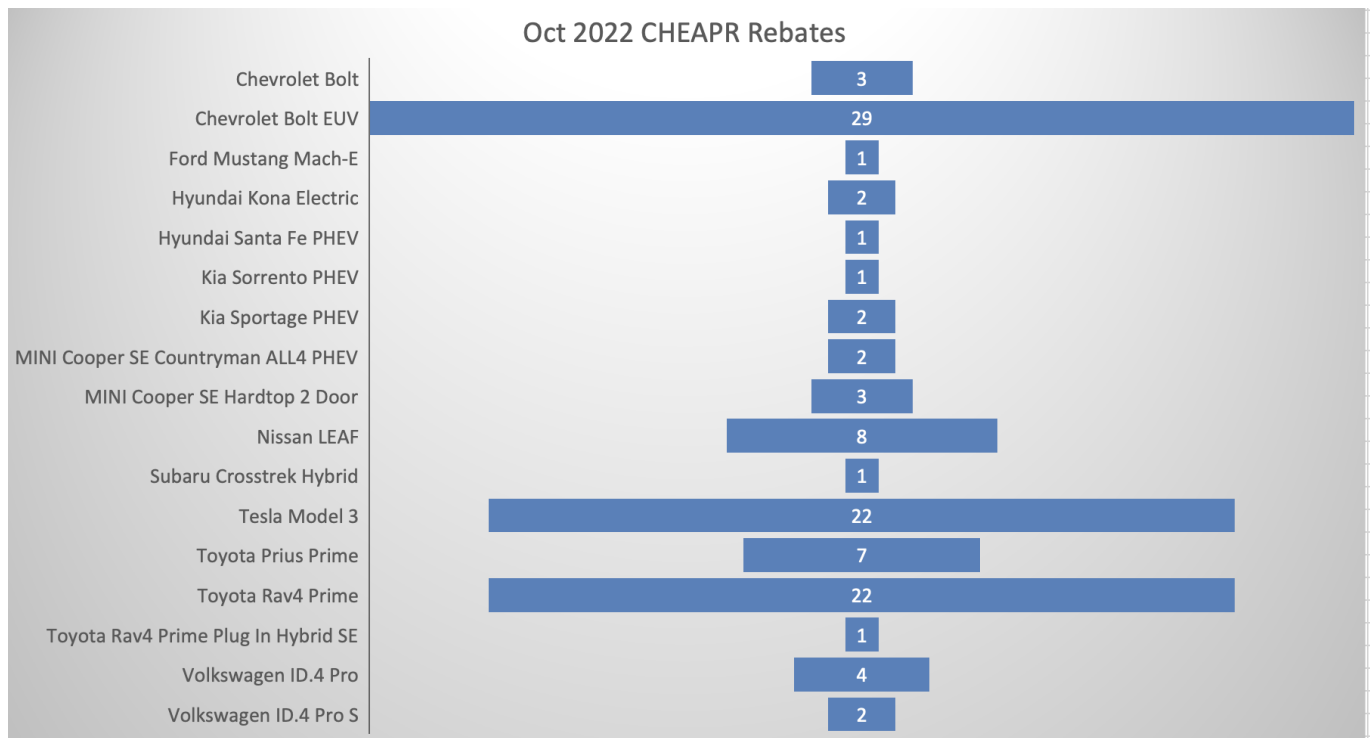
October CHEAPR Update

Steady as She Goes – Rebates Have Plateaued for the Time Being

CHEAPR rebates are up over 50% since the MSRP cap was raised in July. Rebates averaged 74 per month for the first half of the year. Since that time, that has increased to 115. It has been holding steady at that point. October had 111 rebates. September was restated (a common thing) to 118.

There is a CHEAPR board meeting on Dec. 15, so any updates regarding progress on implementation of the new aspects of the program will be communicated in our next update.

Below is the distribution of rebates by model. This is done using the data as it directly comes from CHEAPR. It can be a little unpredictable how they characterize models. For example, there are 22 Toyota RAV4 Prime and 1 Toyota RAV4 Prime Plug in Hybrid SE. I suspect it is just a matter of not handling the data consistently. My preference would be to consolidate the model name.



The Toyota RAV4 Prime, which had been the dominant rebated vehicle is no longer alone. Since Chevy emerged from its Bolt battery recall and restarted production, the Bolt numbers have climbed significantly. The EUV version hugely outperforms the original hatchback.

Now that the base model Tesla Model 3 is again eligible, it is a regular high performer, though delivery timing causes the numbers to fluctuate.

The Toyota Prius, once the fuel-efficiency darling of the automotive world has been cannibalized by all manner of plug-in vehicles entering the market. The plug-in version of the Prius, the Prime, has taken a nosedive ever since the RAV4 Prime was unveiled. The RAV4 Prime is, of course, in the popular SUV segment, and it has a longer electric range than the Prius Prime, 42 vs 25 miles. Toyota has announced a refresh of the Prius beginning with the 2024 model year. The PHEV reportedly is going to have an electric range of about 40 miles (this car has not yet been EPA rated).

There were no income-limited rebates awarded in October.

When we have December data, we will update our dealer rebate profile. Look for it in February.