# Not So Fast

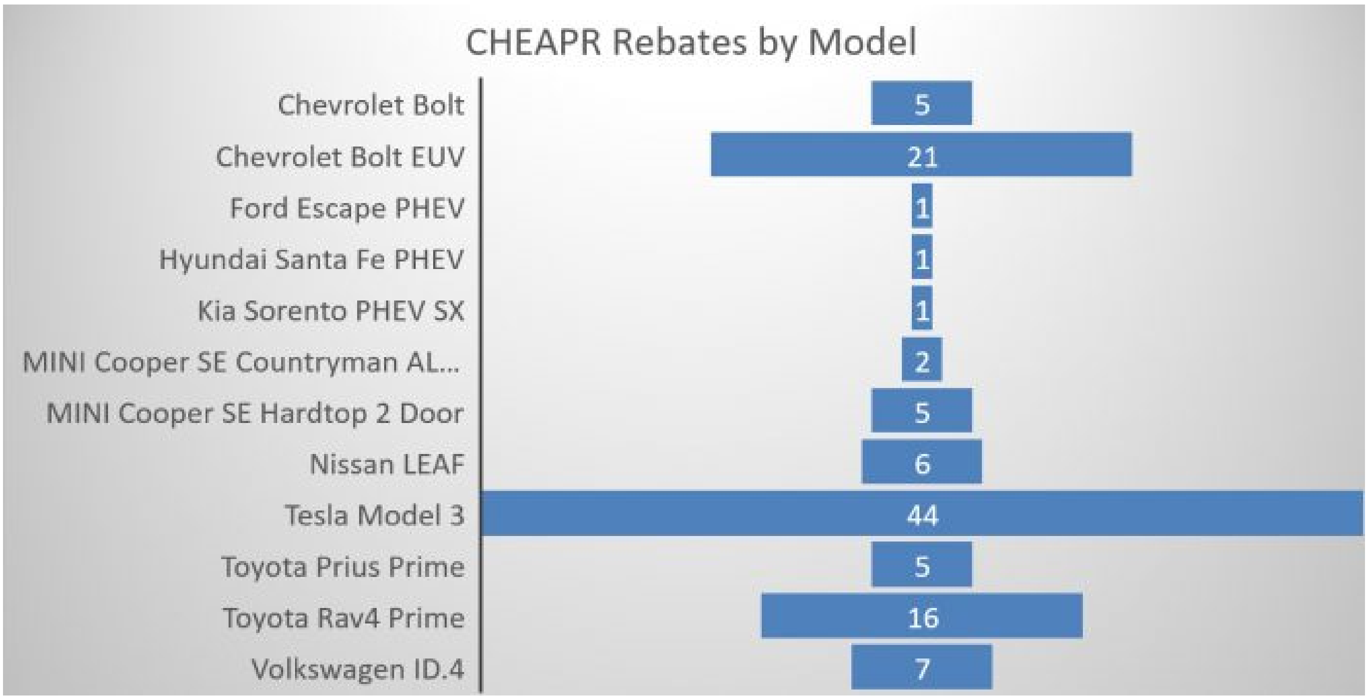
## CHEAPR Rebates Dip in September

It looked like we were on a roll with rebates having risen from 59 in June to 93 (implementation of higher MSRP cap) in July to 136 in August (restated from an earlier 119), but September has retreated to 114. Maybe it, too, will be restated next month. Hanging over all of this are the continuing difficult market conditions.

I have made a technical change beginning with September. The spreadsheet published by DEEP double counts vehicles/people receiving the Rebate+ New (supplemental incentive for income-limited consumers) rebates. It appears as a separate row in the file (i.e. one row for the standard rebate and a second row for the supplement) and the count reflects the number of rows, not the number of vehicles. (This is not the case for Rebate+ Used, where there is one row per vehicle.) So in the chart at the top of the page, there are 114 rebates listed, as opposed to 116 in the chart on the DEEP website. At this time, it is not causing major differences, but the potential for that to happen will increase when the new program goes live at some point next year.

There were 3 Rebate+ incentives in September – 2 new and 1 used.

Below is the rebate by model chart.




The spike for Tesla is similar to what we have seen in the past when Tesla used to be eligible. They batch their deliveries and clearly a bunch of Model 3 SR RWD arrived (the only eligible model). Also, as we've learned, a higher percentage of Teslas that are eligible for a rebate get the rebate. The reason is that it is baked into their order flow process, which is not the case with anyone else. DEEP has reported that there are many eligible vehicles that do not get the rebate.

Chevy may have a success on its hands with the Bolt EUV. Most of the action in the BEV world has been with higher-end vehicles. It is a hopeful sign that a vehicle with an entry price of $27,200 that received 8/10 ratings from Car and Driver and Edmunds is getting traction.

For a period of time, CHEAPR seemed like the RAV4 rebate program as that vehicle had become so dominant. This month is way down. Is it because of inventory issues or is it the continued movement of the market towards BEVs? It is down roughly 40% from where it had been tracking. And the Prius Prime continues to be in a long term decline, which I speculate is likely about the noncompetitiveness of the vehicle and not the supply. Toyota now has one BEV, the bZ4X EUV. It is a 2023 model year, shipped in very limited quantities. Also, it was subject to a recall shortly after it began shipping. Sharp turns or hard braking could loosen a hub bolt, risking the wheel possibly coming off.  Deliveries resumed earlier this month. This vehicle will be CHEAPR eligible. None are registered in CT as of July 1.

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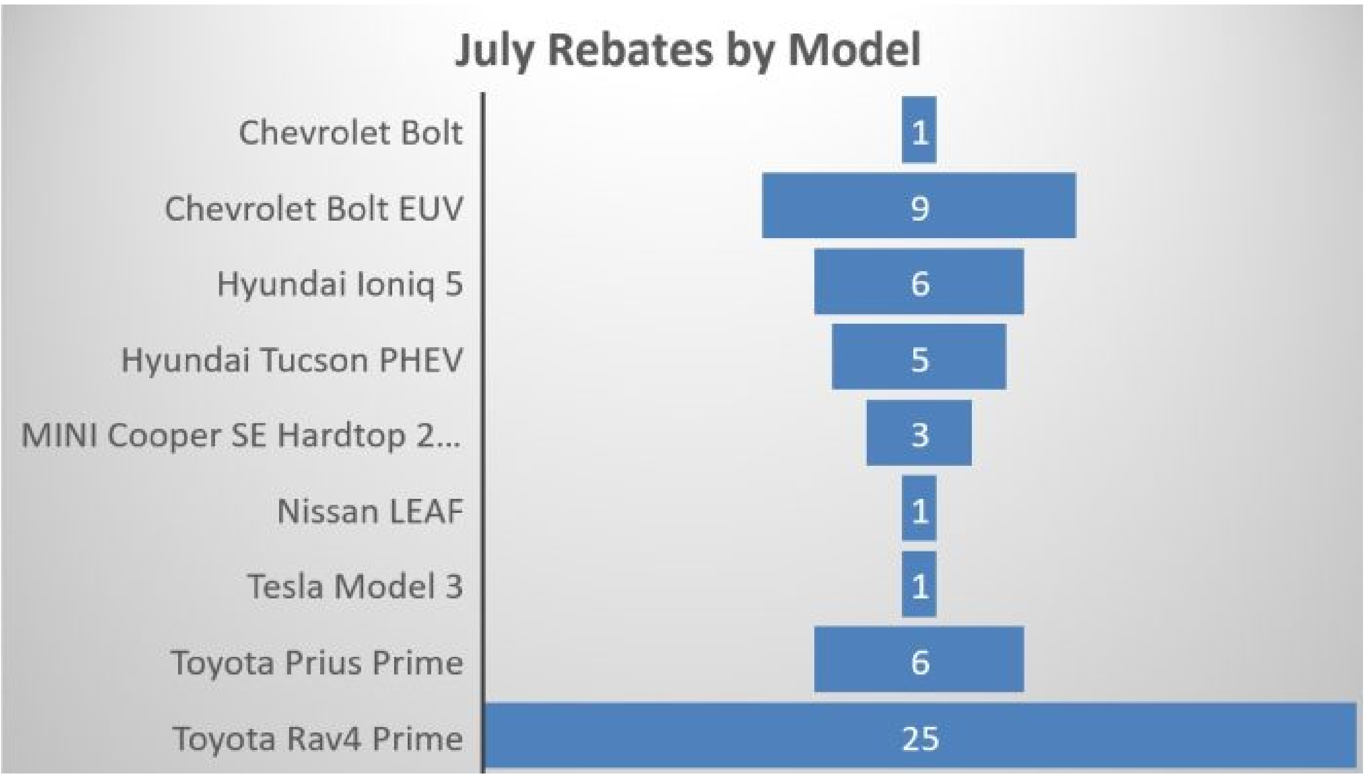
# CHEAPR July 2022 Update

## New CHEAPR, Though Still A Slow Pace of Rebates

There were 57 CHEAPR rebates awarded in July, the first month where the higher MSRP cap, now $50,000, was in effect. This was the same number as in June. We don’t expect to get a clear reading on the new program for a while given current supply constraints and the fact that the program is undergoing a phased rollout. One aspect that is still a ways from being rolled out is the revised income-limited incentives. The earlier version dating to 2021 is still in place, but there were no Rebate Plus incentives given in July.

We did see the appearance of 2 models that would not have previously been eligible – the Hyundai Ioniq 5 with 6 rebates and the Tesla Model 3 with 1 rebate. The rebate activity continues to be dominated by the Toyota RAV4 Prime (24 rebates). The second most rebated vehicle was the Chevy Bolt with 10. It looks like the Bolt is finally getting past the purgatory of its extensive recall/battery replacement. The newer EUV version accounting for 9 of the 10 rebates.

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# The New CHEAPR

## CHEAPR Board Meets Following Passage of Public Act 22-25

Following the passage of SB-4/Public Act 22-25, the Department of Energy and Environmental Protection (DEEP) and the CHEAPR board met on June 16th. The legislation made extensive changes to the state's purchase incentive program, which we have detailed in earlier posts such as this one. Now comes the time for rule making to fill in the gaps and the implementation logistics. Though the legislation has an effective date of July 1, the fact is this will be a work in progress for the rest of the year. So with that preamble, this what we know to this point as well as our thoughts about changes we would like to see that follow the new legislation

## MSRP Cap and Other Changes

- The MSRP cap increase to $50,000 is the easiest to implement and it should happen at some point over the summer. We will update everyone when that is the case. (**Update**: This is now in place and updated on the CHEAPR website.)
- The enhanced funding from the additional clean air registration fees and proceeds from the Regional Greenhouse Gas Initiative proceeds begins next year. However, the program has been so under spent, and there is still an implementation period, it is unlikely to deplete funds before the new funding stream begins. DEEP is currently sitting on over $5MM of funds, well above current needs. New expenditures flowing from program changes will be folded into the program as they are ready between summer and the end of the year. It is our bet that the year will end with a surplus.
- DEEP is preparing an RFI for the new e-bike incentive with projected implementation by the end of the year.
- The income limited (Rebate+) incentives will be transitioning from an after the fact reimbursement to a pre-qualification/voucher program. This is great news. It requires a new process be developed and implemented, which will take at least until Q4, though technically, the eligibility requirements will have been changed before then. In other words, some of the folks becoming newly eligible could access the incentive but would have to float the cash.
- Expanded eligibility to municipalities, businesses, non-profits, and tribal entities are designated as “mid-term” changes and will likely happen in several month’s time.

This graphic from DEEP indicates which new EVs will be rebate-eligible as a result of the change in the MSRP cap. Keep in mind that eligibility is determined by the base price of a particular trim level. Ordering options does not disqualify a vehicle from being eligible. Buying a trim level with an MSRP above the limit would. Almost all vehicles nowadays have multiple trim levels. Although we don't recommend doing this, if you pay a dealership premium over MSRP, that does not count towards the cap. The graphic is based on registrations from 2021. It will not pick up the newest vehicles which doesn't mean they are not (or should not be) included! If you encounter a problem in obtaining a rebate for which you should be eligible, please let us know.

## Expected Additions*

| Make | Model | Type | MY | MSRP |
|---|---|---|---|---|
| BMW | 3-Series Plug in | PHEV | 2022 | $42,950 |
| Audi | Q5 Plug In | PHEV | 2022 | $43,300 |
| Ford | Mustang Mach-E | BEV | 2022 | $43,895 |
| Audi | Q4 e-Tron | BEV | 2022 | $43,900 |
| BMW | i3 | BEV | 2021 | $44,450 |
| Tesla | Model 3: RWD | BEV | 2022 | $46,990 |
| Polestar | 2 LR-SM | BEV | 2022 | $48,400 |
| Volvo | s60 Plug In | PHEV | 2022 | $47,650 |
| BMW | i3 REx | PHEV | 2021 | $48,300 |
| BMW | X3 | PHEV | 2021 | $49,545 |

Rebate Structure

- It is DEEP’s responsibility to determine rebate structure and amount. We expect the amount of the income-limited rebates to increase.
- The consumer’s first interaction with CHEAPR is likely to be with the home page and what they see there is not what most people will get. For some reason, DEEP, from the beginning, has been intent on selling the highest possible rebate number that only applies to a minority (or zero in the case of fuel cell) of people.
- There has been an overly complicated multi-tier rebate structure with base, adders, and supplements. A simpler structure of standard rebate, Rebate+ New, Rebate+ Used would be preferred. Rebate+ New would simply be higher than the standard rebate. Each of these would have a BEV/PHEV version. That’s enough.
- For Rebate+ Used, since recipients of this incentive are already income screened, don’t restrict eligible vehicles. Let’s make it easy for people to use this by not restricting it to vehicles that were originally eligible for a standard CHEAPR rebate as is now the case. There is some concern about battery degradation for older vehicles. There are tools available to address this, which dealers should be encouraged to adopt.

**Reporting**

- There have been inconsistencies in the reporting from time to time. For example, in the recently released April data, the Tableau chart has 51 rebates. The Excel file has 59 rebate submissions (and 48 sales).
- Rebate+ New is reported as a separate line. So the number of rebates exceeds the number of people receiving rebates. There have been so few of them that it hasn’t made much difference. If the new LMI rebates are more successful, it will color the data. If the suggestion

about Rebate+ noted above is adopted, it would solve this.
- Add new fields for “Rebate Type” and “Dealership.” The former will make it easier to parse the data. The latter will save the FOIA exercise that we go through each year.

## Rebate Utilization

- DEEP is investigating reports that some of the finance companies that hold title to the vehicle for leasing customers are not participating in the rebate. Dealer representation on the board, possibly in concert with their affiliated manufacturers, should be proactive about working upstream with the finance companies to change this.
- Dealers should take it upon themselves to be proactive about alerting DEEP when new eligible vehicles or new model years of eligible vehicles are about to start delivery. That way consumers won’t get caught as a result of a dealer not being able to process a rebate because the database has not been updated.
- DEEP issues a forecast periodically to project expenditures and use that for guidance in setting program parameters. The actual expenditures have come in substantially below the forecast every year since the current regimen was established in 2019. For various reasons, that may not continue to be the case. But even if the program is running hot, it will be easy to identify in plenty of time to make adjustments and avoid funds depletion.

# 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.

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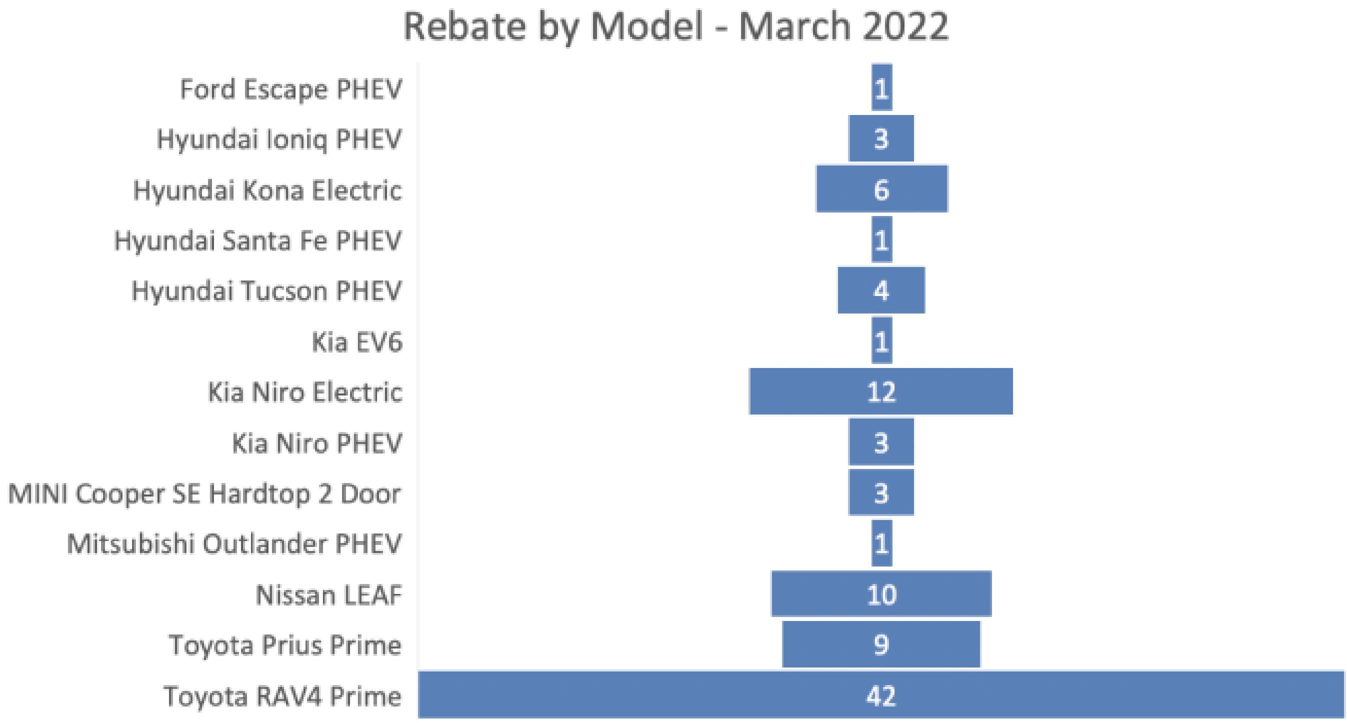
# CHEAPR – Update and SB-4 Passes Senate

## 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.




# 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.

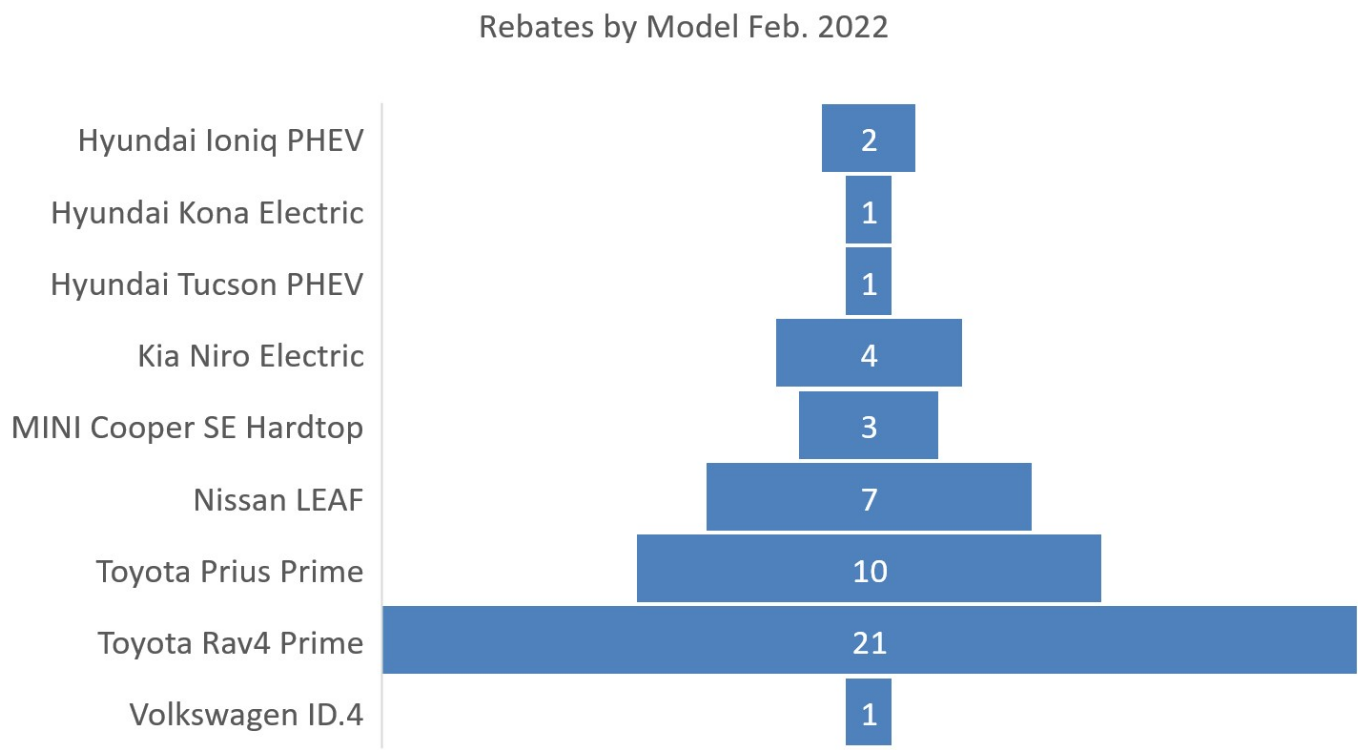
# Feb CHEAPR Roundup

## Low Rebate Levels Continue

There were 50 total rebates awarded in February 2022. January was restated from 40 to 52. There were no LMI (income limited) rebates as far as we can discern. These rebates are of a different amount than the standard rebate and that is how we can identify them.

There were no actions taken to modify the program at the March board meeting. Of course, even if there were, it would take some time to implement. SB-4, the big environmental omnibus bill raised in the legislature has passed out of committee and is now before the Senate. This bill has several CHEAPR related components that would significantly change the program, in particular by raising the MSRP cap and loosening the LMI criteria. (More details here.) It will be known before the next board meeting in June if this bill will become law. Many bills are written for changes to take place in the fall. Realistically, whether it is legislation or DEEP-driven, that is probably the earliest timeframe we are looking at.

The RAV4 Prime dominant distribution of rebates by model continues. Driven by this, the program remains PHEV top-heavy with 34 of the 50 rebates.




The appearance of the VW ID.4 was nice to see but we have not seen evidence of many of this trim level being delivered. We expect this pattern to continue absent an MSRP cap increase. Nissan, maker of the budget-friendly Leaf, is getting ready to introduce its new Ariya EUV, but the starting MSRP is $46K. To the best of our knowledge, GM has still not resumed production of new Bolts as it is still working its way through the recalled vehicles and dealer inventory, though it should be coming to the closing stage of that. The forthcoming Equinox EUV is projected to have a similar price point to the Bolt, but it is 18 months away.

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# 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 a 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 IFO, this is a point of sale rebate and the point of sale is the dealership. According to the Center for Sustainable Energy, the consultant that runs the program for DEEP, Tesla has the rebate integrated into its checkout flow. The dealers should do the same, and in general be more proactive about educating customers about the program.

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

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

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

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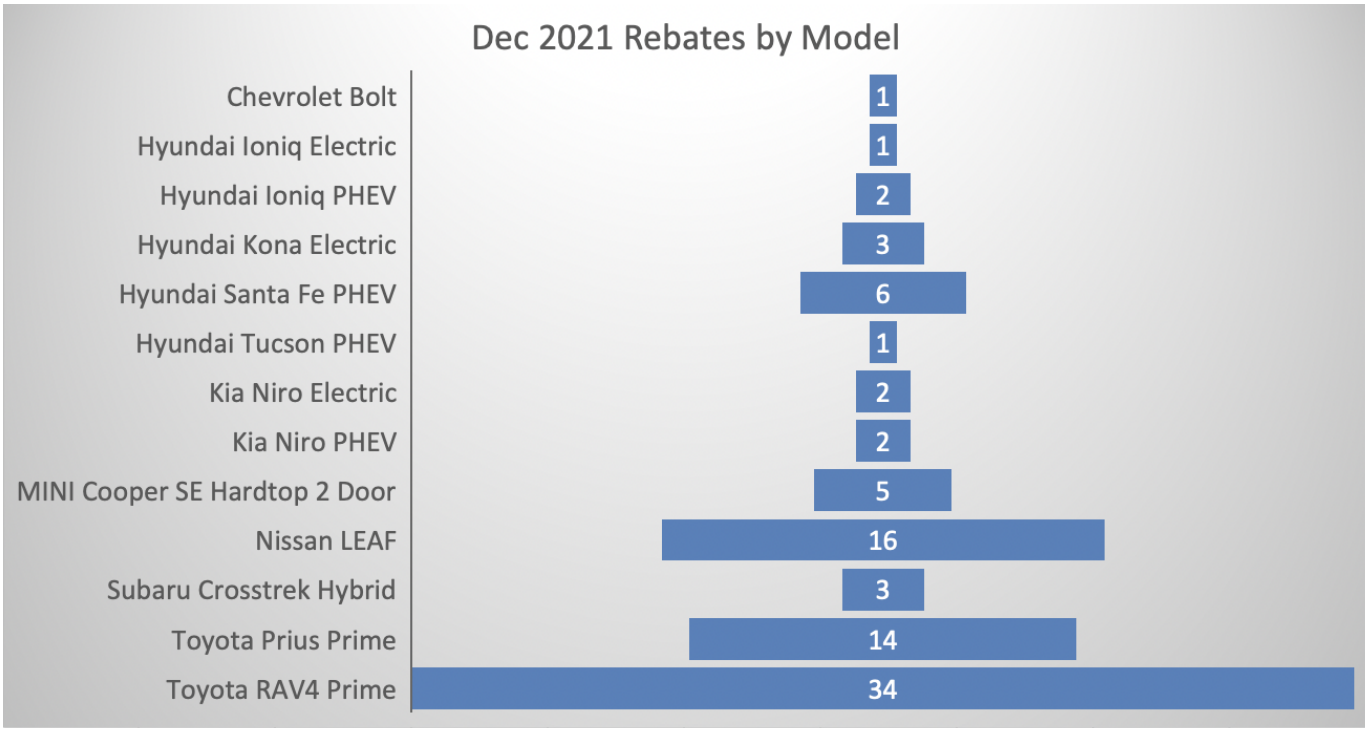
# 2021 CHEAPR Wrap

## CHEAPR Quietly Finishes a Quiet Year

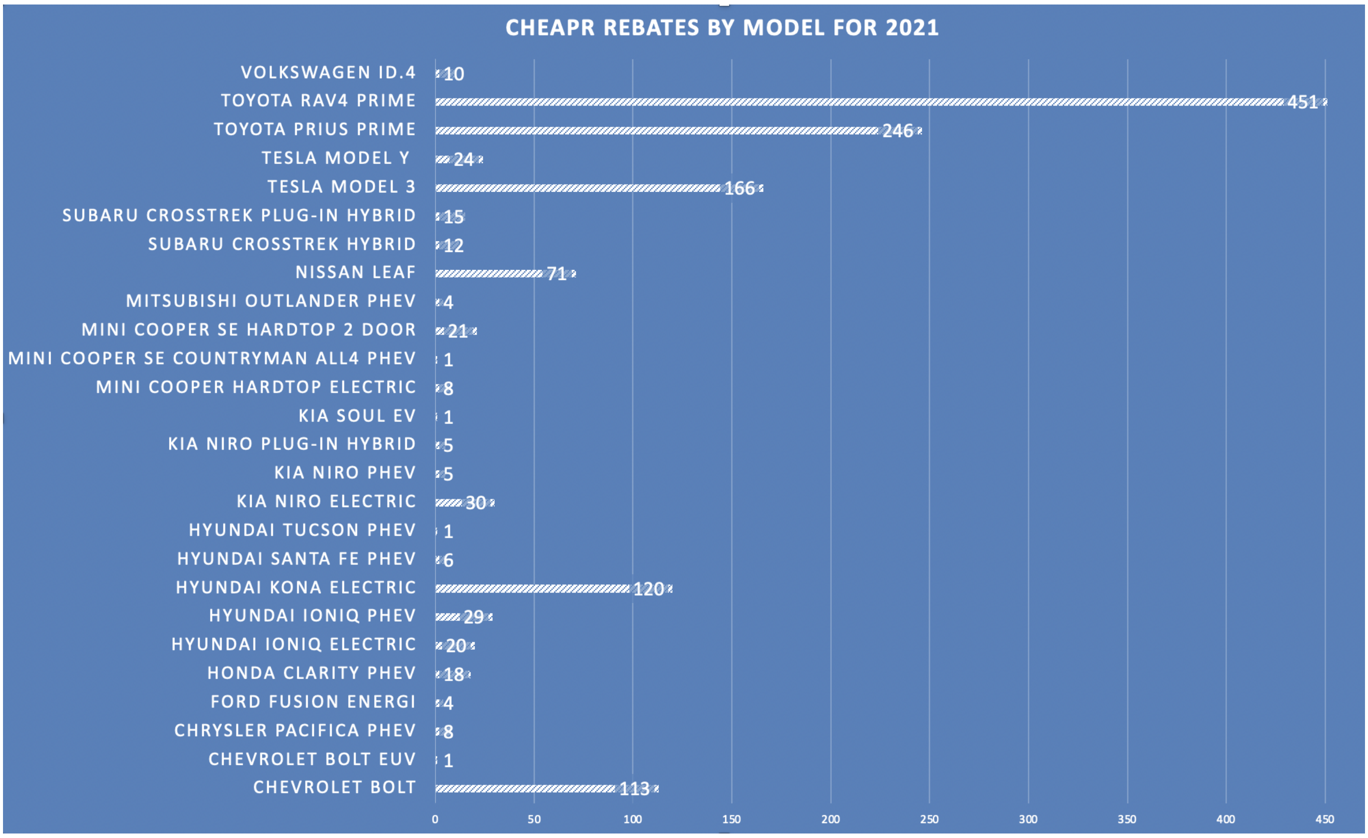
We can begin with the good news: 2021 was an improvement over 2020, though that is a low bar. Otherwise, meh.

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.




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.

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# CHEAPR Posts Lowest Numbers

# of the Year in November

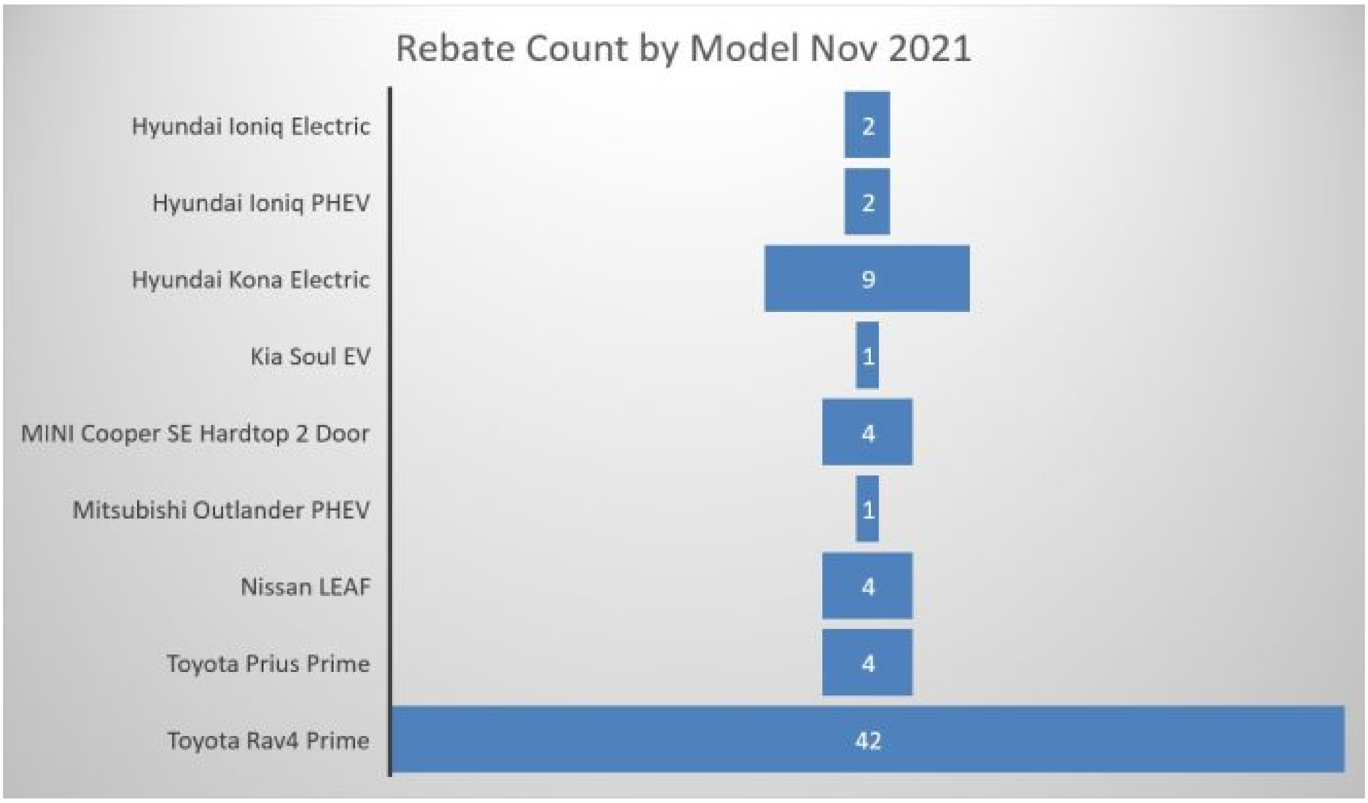
This is the last post of the year for this blog and we wish all of our readers a happy and safe 2022! We hope to kick off our 2022 reporting on all things EV in CT with details of the final EV Rate Design incentives for chargers and charging to be offered through the utilities. The program is slated 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.

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# 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

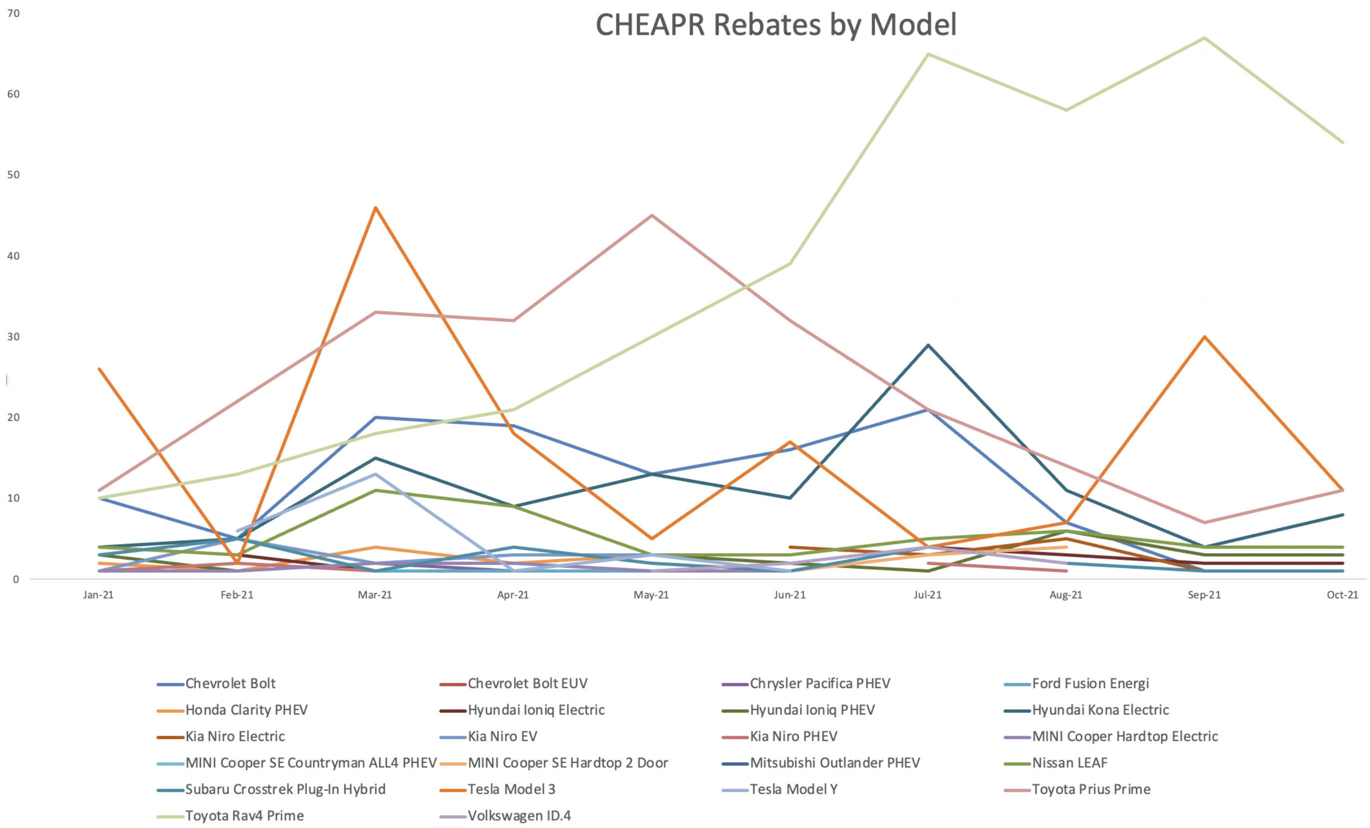
It is no secret that the EV Club and the larger EV Coalition want to see this program positioned more aggressively and break out of the multi-year doldrums. The consultant analysis, as it did last year, will involve forecasting. That is fine as far as it goes, but we should keep in mind that the forecast 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 if 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.