

# CHEAPR October Update

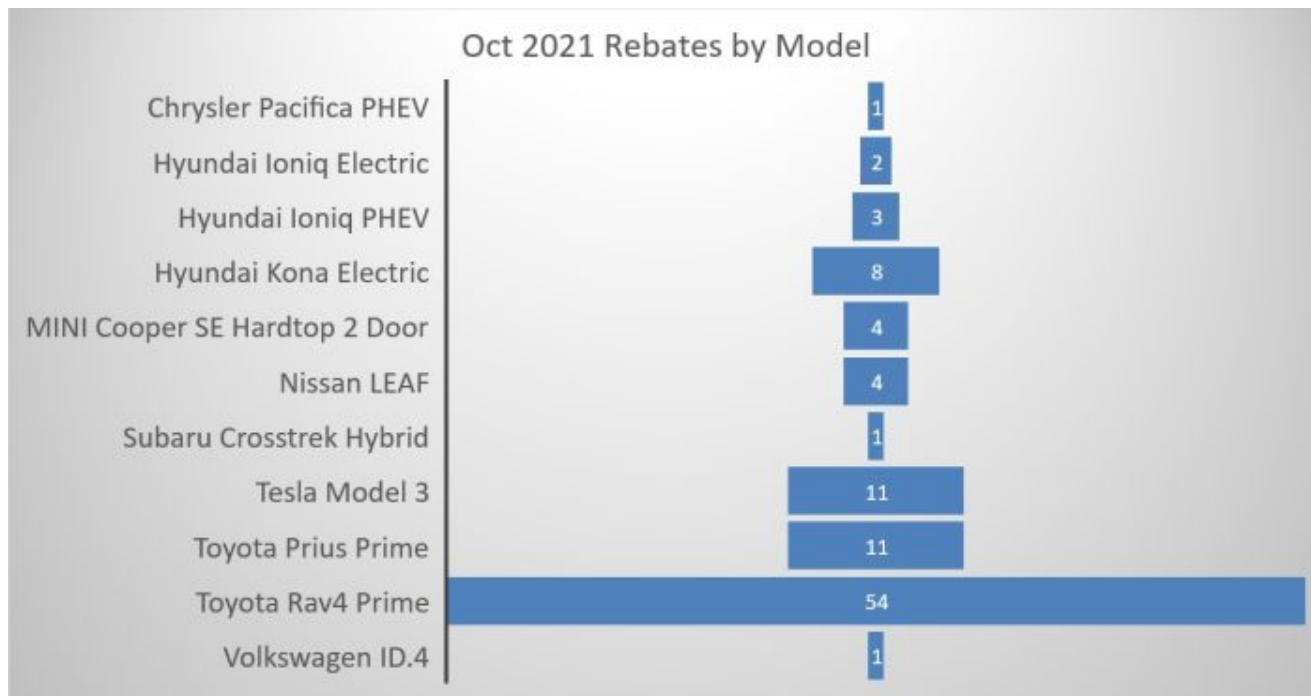
## Rebates Slip in October

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).

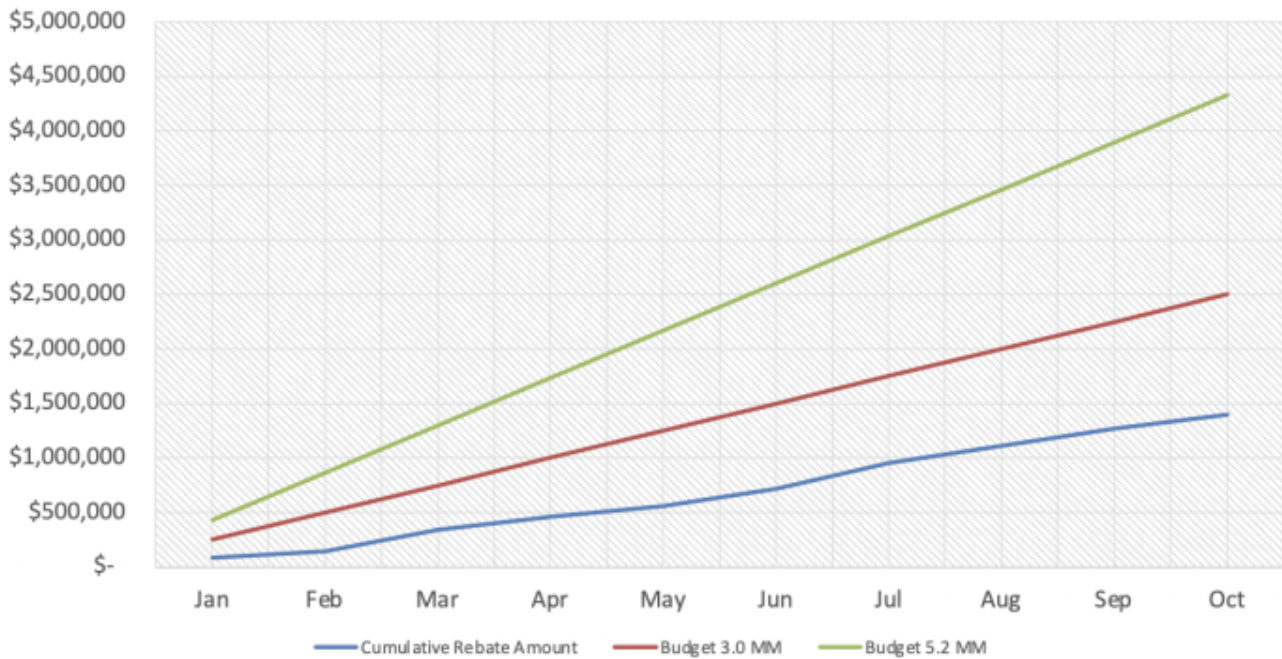
There were 11 Tesla Model 3 rebates, more than any other BEV, but going forward, there will no longer be any Tesla rebates. Tesla slightly reconfigured and raised the price of the base trim level Model 3 about a month ago. According to Tesla.com, the vehicle cost is now \$44,990 before taxes, title, 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**



# CHEAPR Reporting Back Online

## Reporting Resumes After A Hiatus

This blog follows the state EV purchase incentive program, CHEAPR. It's an important part of the state's effort to support EV adoption. The surveys from rebate recipients indicate it is an important factor in deciding to drive electric, and we have no reason to doubt those findings. However, the program's performance has been disappointing for close to two years now.

Early this year, the CHEAPR board approved major changes to the program. The amount of the incentives were raised on a temporary basis (through the remainder of 2021, funds permitting). Incentives for income-limited individuals were added in the form of a supplemental incentive for new vehicles

as well as an incentive for used EVs. There was also a welcome “backdoor” move to permit consumers to use the incentive 2 more times. I say “backdoor” because it was never discussed at a board meeting and was not included in any of the proposals that the board voted on. It just happened.

The program changes took effect on June 7th. We now have reporting through August 31st. The reporting does not yet provide for the new Rebate+ incentives. However, it was revealed at the board meeting that over the 12 weeks since the start of the new program, there was only 1 income-limited rebate awarded. This was an “Rebate+ New” rebate, the supplemental rebate for a new EV. The most convincing reason offered for this was that the public assistance programs that qualify an individual’s eligibility apply to people who simply don’t have enough income. It was suggested that the program should be recalibrate, possibly with an income-based qualifier. The convenience (easier to document) of the public assistance formulation may just not hit the right target.

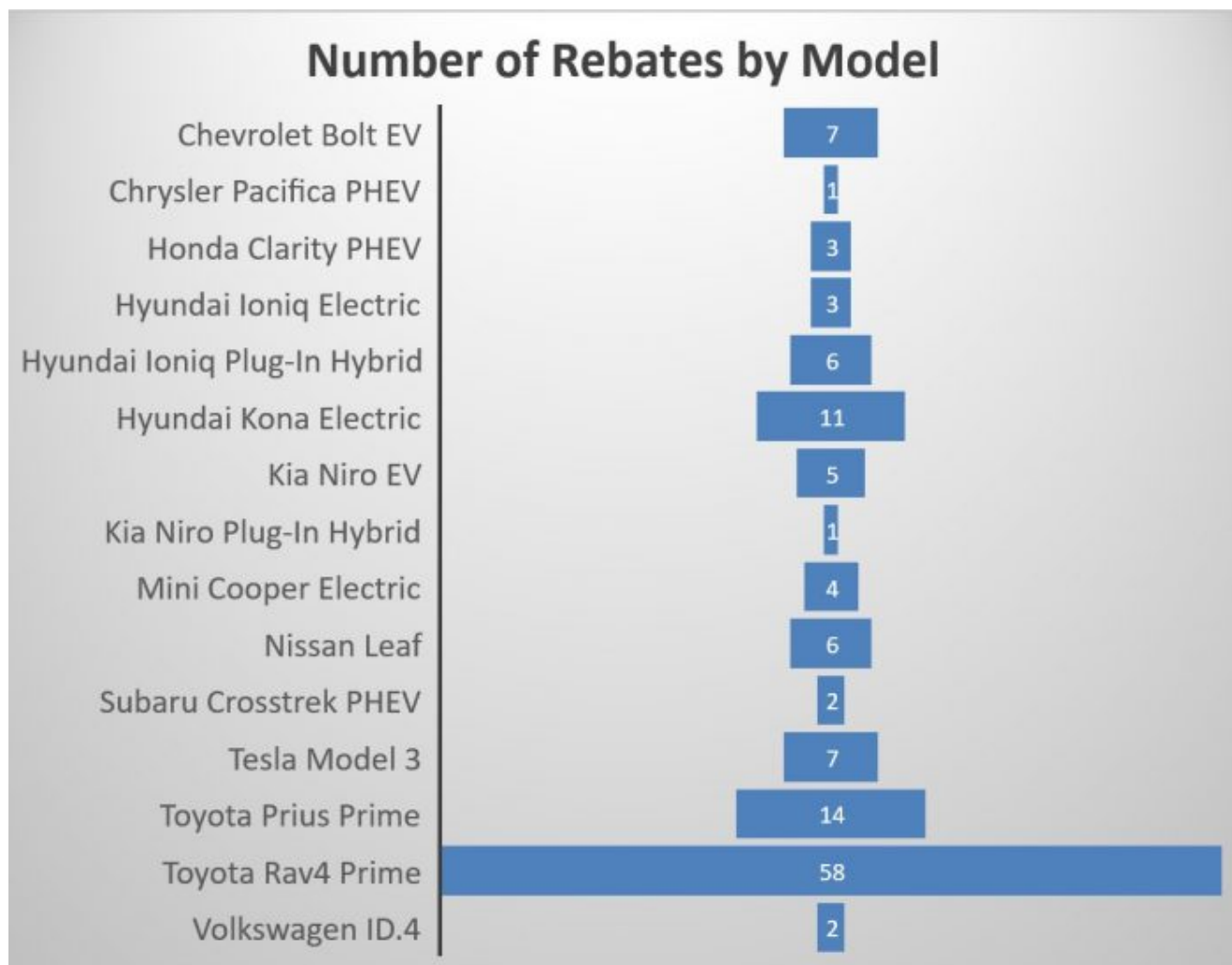
The other proposed explanation is that the initial birthing pains plus insufficient outreach and a lack of collaterals has brought us to this place. DEEP resisted making any changes until the end of the year review. 1 rebate in 12 weeks sounds like a convincing data point to us.

Another “backdoor” issue, in that as with the extra opportunities to use the rebate, it was never discussed but just appeared, is the restriction on vehicle models for used rebates. If there is already the public assistance qualifier in place, we don’t see the point of further restrictions. The eligible models for the regular CHEAPR have pretty much been ported over to the used program with the additional restriction that no vehicle manufactured before the inception of CHEAPR can qualify. A very low income population is likely going to buy an older car with high mileage.

Over the past three months, the rebate levels have not quite

recovered to where they were two years ago (429 vs. 467). Rebate numbers declined dramatically last year in the teeth of the pandemic. (The number from 2 years ago is with the previous higher MSRP cap in place.)

70% of the rebates over the past 3 months have been for PHEVs. To see the program turn so heavily into a PHEV rebate program is distressing but not surprising. Many of the popular BEVs, especially those with larger battery packs, are more than the \$42K limit. The reason for this trend is very obvious: The Toyota RAV4 Prime. It accounted for 58 of 130 rebates and seems to be cannibalizing the Prius Prime to some degree. We will watch it over the next few months. The new Jeep Wrangler PHEV is above the \$42K cap. The Chevy Bolt, which had been doing better since it was refreshed this year, had a big drop, expected given the travails of the fires and the extensive recall.



The board meetings are now scheduled on a quarterly basis, so new developments are not likely forthcoming for some time. The public audience was unusually vocal this meeting. In particular, there were many requests for the MSRP cap to be raised at least back to where it used to be (\$50K). We will update with more complete reporting when available.

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## **CHEAPR Does Double Duty**

### **2 Rebates per Licensed Driver**

That is the double-duty reference. A major, and welcome, change is that drivers can get the rebate twice, as opposed to the previous limit of once. There has to be a minimum of 24 months separation between the rebates. Also, June 7th starts with a clean slate. For anyone who has previously gotten a CHEAPR rebate, the count resets and you can get 2 more.

### **Data Appear to be in a Transitional Phase**

As CHEAPR transitions to the new program (all that has preceded until now has been the “pilot) with new incentives and new rules, effective June 7th, the monthly publication of the data set looks a little stunted. We are assuming this is due to reporting changes that will need to be implemented to accurately track the new program.

For June, there were only 31 reported rebates and none after June 15th. Also, the rebates occurring after June 7th were not

at the new rebate levels. We do not know if that is an artifact of moving away from the old system. I have a feeling there will be numerous corrections next month. May numbers were restated to 131 rebates.

17 of the 31 rebates were for the Tesla Model 3. The next highest model was the Toyota Prius Prime with 4.

## **Rebate+**

There were no Rebate+ incentives awarded. This could be due to the aforementioned questions about the data or it (likely) is that the program is still working out the kinks and just beginning outreach.

I have seen some chatter on social media questioning why the incentive for a used EV is higher than for a new car. The answer lies in the population that is being targeted. Lower-income folks need more help and this was the recommendation of the consultant. CHEAPR itself does not get into the income verification business. That is something that is invasive and the program seeks to avoid that. So a proxy is used, which is receiving benefits from one of the designated public assistance programs. It remains to be seen whether this sets the bar in the right place. For very low-income people, buying even a used EV may still be a stretch. And due to the process of the buyer submitting the information and waiting for approval, they have to float the cash until they get reimbursed.

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# Webinar – EV Purchase incentives and Free Charging

## EV Purchase Incentives, EVSE (charging equipment) Subsidies, Free Charging

This past Tuesday, July 27th, the EV Club presented a webinar jointly sponsored with Sustainne, LLC, Sustainable Westport, and the Town of Westport on how to save money when buying and charging an EV.

The speakers were Analiese Paik, CEO of Sustainne, Paul Vosper, CEO of JuiceBar, and Barry Kresch, President of the EV Club. These were the areas we covered:

- Latest changes to CT CHEAPR program of EV purchase incentives
- Update: There is a recent change to the CHEAPR program not reflected in the webinar. EV buyers can now receive 2 rebates beginning with June 2021, meaning if you had previously received a rebate, you can receive 2 more. They must be spaced at least 24 months apart.
- Federal purchase incentive
- Newly release EV Rate Design from the Public Utilities Regulatory Authority (PURA) that directs the utilities to offer a range of subsidies for residential, Multiple Dwelling Units, commercial, fleets, and municipalities. These include subsidies for the purchase and installation of level 2 or level 3 chargers and discounts on electric rates.
- Many automakers offer some level of free charging with the purchase or lease of a new EV. They vary a lot and are either miles or time-limited. There are also



numerous options for free level 2 public charging.

A written summary of the PURA program is [here](#).

Link to the blog post with the latest CHEAPR rebates is [here](#).

We have been receiving positive feedback. The webinar was recorded and is now available on our YouTube channel.

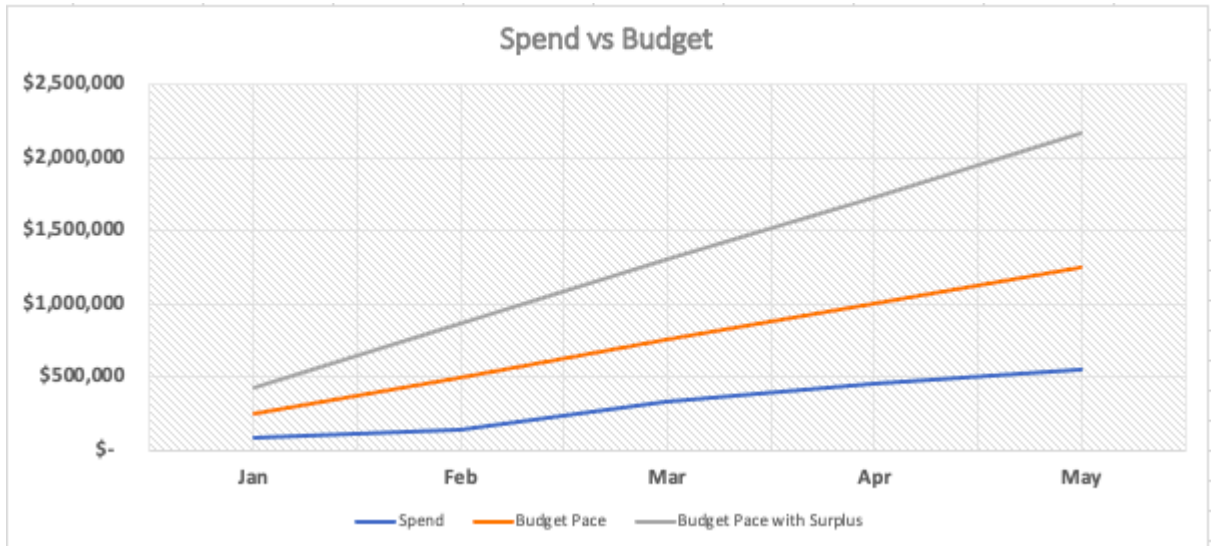
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# **CHEAPR Data Through May 2021 and New Program Takes Effect**

## **Toyota Dominates May Rebates**

The two plug-in hybrid offerings from Toyota dominated the rebate activity for May. The Prius Prime (44 rebates) and the RAV4 Prime (30 rebates) together accounted for 61% of the 123 May rebates. (The April count was slightly restated to 125.) The only other vehicles in double figures were the Chevrolet Bolt (12) and Hyundai Kona (10). May marked the first appearance of a VW ID.4 with one rebate. Driven by Toyota, the balance of the rebates tilted heavily toward PHEVs, 85 vs. 38 BEVs.

The program spend continues to pace well under the available funds. The new incentives will help somewhat, but we doubt by



enough.

There has been some press about the program this week as the Governor’s office issued a release about the new program, which was picked up by a number of newspapers. Readers of this blog will know that the CHEAPR board approved these modifications in February, but implementation only recently happened on June 7th.

The big headline numbers that are featured, such as up to \$7500 in rebates, or on the CHEAPR home page, up to \$9500, only apply to Fuel Cell vehicles, which are not currently for sale in the state. But the higher rebates and income-limited incentives are now live and we will see the early reporting in one month.

All rebates by model in the table below:

◉ May	123
Chevrolet Bolt EV	12
Chrysler Pacifica PHEV	1
Ford Fusion Energi	1
Honda Clarity PHEV	3
Hyundai Ioniq Electric	2
Hyundai Ioniq Plug-In Hybrid	3
Hyundai Kona Electric	10
Kia Niro EV	2
Kia Niro Plug-In Hybrid	1
MINI Cooper Hardtop Electric	1
Nissan LEAF	1
Nissan LEAF Plus	2
Subaru Crosstrek Plug-In Hybrid	2
Tesla Model 3	5
Tesla Model Y	2
Toyota Prius Prime	44
Toyota Rav4 Prime	30
Volkswagen ID.4 Pro	1

# How to Save Money on an EV

## All You Need to Know About EV Incentives and Free Charging Opportunities

Virtual webinar: July 27th at 7 PM. Free registration is required:

[https://us02web.zoom.us/webinar/register/WN\\_3fImyGBzT4yz0zrxex5Lg](https://us02web.zoom.us/webinar/register/WN_3fImyGBzT4yz0zrxex5Lg)

The EV Club will be jointly producing and sponsoring a virtual webinar about the latest in incentives and free charging. Specifically, these are federal and state purchase incentives, incentives that reduce the cost of the electricity used to charge your electric vehicle, incentives to defray the cost of buying EV charging equipment, and free charging opportunities.

The incentives around EVs and charging are fluid.

The state recently implemented a number of changes to its CHEAPR EV purchase incentive program.

There is an expectation that either included or alongside the Biden Administration infrastructure plan, there will be an updated federal purchase incentive. The bill that was reported out of the Senate Finance Committee looks very good, but it could change considerably as it makes its way through the legislature. There is also a federal tax credit for the purchase of an EV charging station that is due to expire at the end of this year. We are waiting to see if that resurfaces. The President and the leaders of the two chambers have talked about getting this done before the August recess. It may be cutting it close, but we are hopeful that the contours of the new plans will be known by the end of July.

The Public Utilities Regulatory Authority is in the process of adjudicating a new EV rate design that would include lower rates to charge an EV as well as subsidies for charging hardware. A preliminary document was issued on June 17th. The final document is due July 14th. This is a complex piece of regulation, but we will provide the key highlights for the webinar.

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## **Update to CHEAPR Stats By Dealer**

# Some Stellar Performers; Many Also-Rans

We obtained an updated dataset of CHEAPR rebates by individual dealerships from the program's inception through the end of 2020. It is all pasted below, but a couple of observations first.

There are a small number of dealers that really do great work. Unfortunately, they are not representative. If great work is defined as 100 or more rebates over this duration, these are the 6 companies that have achieved that level.

- A-1 Toyota – 167
- Richard Chevrolet – 126
- Honda of Westport – 126
- Karl Chevrolet – 122
- Lynch Toyota – 117
- Ingersoll Auto of Danbury – 101

This project originally began due to member complaints about poor dealership experiences, followed by a request: Please make a recommendation. I had anecdotal reports of dealerships that do a good job, but nothing systematic or statewide. This approach uses CHEAPR data as a proxy for EV-friendliness.

There are a few considerations to bear in mind. Not all dealers sell CHEAPR-eligible cars. The parameters of the CHEAPR program have changed over the course of the program's life. In particular, the lowering of the MSRP cap in October 2019 causes the exclusion of some vehicles, for example, from BMW and Volvo, that were formerly eligible. The offerings of manufacturers have changed over time. The cancellation of the Chevy Volt caused a slowdown in the number of Chevrolet rebates. Hyundai has become more aggressive recently about introducing EVs. The Honda Clarity got off to a good start when it was introduced, but Honda then stopped sending it to

the state (which may be changing). The new Toyota RAV4 Prime is showing some early promise.

It is for that reason that I have displayed the rebates sorted highest to lowest within make. That way, for example, it can be seen that Danbury Hyundai has a strong record with a make that was barely selling EVs before 2019.

The file that was provided did not have the specific vehicle model for which a given rebate applied. There are some dealerships that sell multiple makes that have CHEAPR-eligible vehicles. I made a judgment and assigned the dealer to the brand with the most rebates. Note to self – work on getting that next time around. Also, in a couple of cases, there may be more than one line for a dealership because the file did not have a consistent naming convention. I cleaned it but may have missed a couple.

This is all of it (except Tesla). If a dealership had zero rebates, it will not appear in the tables below.

It would be best, of course, if DEEP were to publish this information as part of its regular CHEAPR reporting. It is done in other states and would remove the burden for both of us of going through the Freedom of Information Act process.

Finally, this has relevance for the EV Freedom Bill. One of the arguments for the bill is that the conventional dealership model is antithetical to selling EVs, that EVs come into tension with the legacy ICE business. There is more nuance to it than that, but the data largely illustrate this point. It seems like it is a lot harder for a dealership to embrace EVs or more of them would have effectively done so and there wouldn't be such large differences between the top performers and the laggards.

For those dealerships that are making an effort to sell EVs, if SB 127 passes, they'll be fine. For the others, it will be a shot across the bow to wake up or risk being left behind.

Make	Dealership Name	Count of Rebates
Audi	Audi of Fairfield	5
Audi	Hoffman Audi	5
Audi	Audi of Wallingford	4
Audi	Danbury Audi	2
Audi	New Country Audi of Greenwich	2
<b>Total</b>		<b>18</b>

Make	Dealership Name	Count of Rebates
BMW	BMW of Ridgefield	73
BMW	BMW of Bridgeport	69
BMW	BMW and Mercedes-Benz of North Haven	48
BMW	New Country BMW	39
BMW	BMW of Greenwich	23
BMW	Continental BMW of Darien	18
BMW	BMW of Watertown	2
<b>Total</b>		<b>272</b>

Make	Dealership Name	Count of Rebates
Chevrolet	Richard Chevrolet	126
Chevrolet	Karl Chevrolet	122
Chevrolet	Ingersoll Auto of Danbury	101
Chevrolet	O'Neill's Chevrolet Buick	92
Chevrolet	Maritime Chevrolet	89
Chevrolet	H & L Chevrolet	81
Chevrolet	Grossman Chevrolet Nissan	76
Chevrolet	Chevrolet of Milford	74
Chevrolet	Partyka Chevrolet	61
Chevrolet	The MJ Sullivan Automotive Corner	56
Chevrolet	Vernon Chevrolet	51
Chevrolet	Carter Chevrolet (Inactive 10/6/17)	50
Chevrolet	Blasius Chevrolet	45
Chevrolet	Dave McDermott Chevrolet	44
Chevrolet	Devan Chevrolet	44
Chevrolet	Jackson Chevrolet	41
Chevrolet	Cargill Chevrolet	38
Chevrolet	Woodbury Chevrolet	38
Chevrolet	Northwest Hills Chevrolet Buick GMC	36
Chevrolet	Terryville Chevrolet	36
Chevrolet	Bob Valenti Chevrolet	27
Chevrolet	Gengras Chevrolet	22
Chevrolet	Carter Chevrolet (Inactive 7/26/16)	19
Chevrolet	Scranton Chevrolet of Norwich	15
Chevrolet	Executive Chevrolet	13
Chevrolet	Davidson Chevrolet	11
Chevrolet	Key Chevrolet	5
Chevrolet	Premier Chevrolet	4
Chevrolet	Wow Woodbury Chevrolet	2
Chevrolet	Grossman Chevrolet	1
<b>Total</b>		<b>1420</b>



Make	Dealership Name	Count of Rebates
Chrysler	Gengras Chrysler Dodge Jeep	86
Chrysler	Valenti Chrysler Dodge Jeep Ram	75
Chrysler	Mitchell Chrysler Dodge Ram	9
Chrysler	Scap Chrysler Dodge Jeep Ram	9
Chrysler	Fitzpatrick's Chrysler Dodge Jeep Ram	5
Chrysler	Bolles Motors Inc.	3
Chrysler	Branhaven Chrysler Dodge Jeep Ram	3
Chrysler	Artioli Dodge	2
Chrysler	Capitol Chrysler Dodge Jeep Ram	2
Chrysler	Falveys Motors Inc	2
Chrysler	Madison Chrysler	2
Chrysler	Old Saybrook Chrysler Dodge Jeep Ram	2
Chrysler	Putnam Chrysler Dodge Jeep Ram Kia	2
Chrysler	Troiano Chrysler Dodge Jeep Ram	2
Chrysler	Garavel Chrysler Jeep Dodge Ram	1
Chrysler	Milford Chrysler Jeep Dodge Ram	1
Chrysler	Robert's Chrysler	1
<b>Total</b>		<b>207</b>

Make	Dealership Name	Count of Rebates
Ford	Stevens Ford of Milford	93
Ford	Stamford Ford Lincoln	87
Ford	Crowley Ford Lincoln	53
Ford	Monaco Ford	45
Ford	Ford of Branford	38
Ford	Hoffman Ford	38
Ford	Colonial Ford	35
Ford	Family Ford Lincoln	24
Ford	Bob Thomas Ford	22
Ford	Tasca Ford Berlin	5
Ford	Lombard Ford	4
Ford	Park City Ford	4
Ford	Crest Ford of Niantic	3
Ford	GENGRAS FORD LLC	3
Ford	McMahon Ford	1
Ford	Mitchell Selig Ford	1
Ford	Shaker Family Ford Lincoln	1
<b>Total</b>		<b>457</b>

Make	Dealership Name	Count of Rebates
Honda	Honda of Westport	126
Honda	Manchester Honda	48
Honda	Brandfon Honda	39
Honda	Curtiss Ryan Honda	31
Honda	Liberty Honda	31
Honda	Honda of Danbury	29
Honda	Schaller Honda	24
Honda	Hoffman Honda	23
Honda	Sullivan Honda	22
Honda	Greenwich Honda	20
Honda	Cardinal Honda	11
Honda	Honda of Watertown	11
Honda	Westbrook Honda	11
Honda	Lia Honda	9
Honda	Courtney Honda	5
Honda	Executive Honda	5
<b>Total</b>		<b>445</b>

Make	Dealership Name	Count of Rebates
Hyundai	Danbury Hyundai	54
Hyundai	Stamford Hyundai	49
Hyundai	Brandfon Hyundai	41
Hyundai	Meriden Hyundai	26
Hyundai	Key Hyundai of Manchester	16
Hyundai	Torrington Hyundai Inc	15
Hyundai	Lia Hyundai of Enfield	7
Hyundai	Old Saybrook Hyundai	6
Hyundai	Shaker Family Hyundai	6
Hyundai	Key Hyundai of Milford	5
Hyundai	Central Auto Group	2
Hyundai	Wile Hyundai	2
Hyundai	Devino's Watertown Hyundai	1
Hyundai	Lia Hyundai	1
Hyundai	Quality Hyundai	1
<b>Total</b>		<b>232</b>

Make	Dealership Name	Count of Rebates
Kia	Premier Kia	50
Kia	Executive Kia	42
Kia	Columbia Ford Kia	31
Kia	Kia Of Stamford	6
Kia	Napoli Kia	5
Kia	Shaker Kia	1
<b>Total</b>		<b>135</b>

Make	Dealership Name	Count of Rebates
Mercedes	Mercedes-Benz of Fairfield	7
Mercedes	Carriage House Of New London	5
Mercedes	Mercedes-Benz of Greenwich	1
<b>Total</b>		<b>13</b>

Make	Dealership Name	Count of Rebates
Mini	Mini of Fairfield County	4
<b>Total</b>		<b>4</b>

Make	Dealership Name	Count of Rebates
Mitsubishi	Fairfield Mitsubishi	19
Mitsubishi	Mac Mitsubishi	4
Mitsubishi	Secor Mitsubishi	2
<b>Total</b>		<b>25</b>

Make	Dealership Name	Count of Rebates
Nissan	Crowley Nissan	71
Nissan	Harte Nissan	71
Nissan	George Harte Nissan	46
Nissan	Bruce Bennett Nissan	39
Nissan	D'Addario Nissan	32
Nissan	County Line Nissan	23
Nissan	Nissan of Norwich	22
Nissan	Executive Nissan	17
Nissan	Middletown Nissan	17
Nissan	DeCormier Nissan	16
Nissan	Hoffman Nissan	15
Nissan	Barberino Nissan	13
Nissan	Gates Nissan	12
Nissan	Girard Nissan	12
Nissan	Miller Nissan	6
Nissan	Manchester City Nissan	3
Nissan	Napoli Nissan	3
<b>Total</b>		<b>418</b>

Make	Dealership Name	Count of Rebates
Smart	Smart Center Hartford	4
Smart	Smart Center Fairfield	1
<b>Total</b>		<b>5</b>

Make	Dealership Name	Count of Rebates
Subaru	PREMIER SUBARU LLC	13
Subaru	Reynolds' Garage and Marine	10
Subaru	STAMFORD SUBARU LLC	6
Subaru	Garavel Subaru	5
Subaru	Dan Perkins Subaru Inc	3
Subaru	Schaller Subaru	2
Subaru	Bertera Subaru of Hartford	1
Subaru	Mitchell Subaru	1
<b>Total</b>		<b>41</b>



Make	Dealership Name	Count of Rebates
Toyota	A-1 Toyota	167
Toyota	Lynch Toyota	117
Toyota	Hoffman Toyota	83
Toyota	Middletown Toyota	69
Toyota	New Country Toyota of Westport	61
Toyota	Hartford Toyota Superstore	56
Toyota	Westbrook Toyota	56
Toyota	Greentree Toyota	50
Toyota	Torrington Toyota	43
Toyota	Girard Motors	41
Toyota	Toyota of Stamford	40
Toyota	Toyota of Colchester	39
Toyota	Colonial Toyota	36
Toyota	Stephen Toyota	36
Toyota	Charles Toyota	35
Toyota	Toyota of Greenwich	24
Toyota	Gale Toyota	23
Toyota	Curry Toyota	19
Toyota	Toyota of Wallingford	18
Toyota	Dowling Toyota of Litchfield	8
<b>Total</b>		<b>1021</b>

Make	Dealership Name	Count of Rebates
Volkswagen	Gene Langan Volkswagen	33
Volkswagen	VW of Old Saybrook	16
Volkswagen	Gengras Volkswagen of Plainville	9
Volkswagen	Curran Volkswagen	8
Volkswagen	Prestige Volkswagen of Stamford	8
Volkswagen	Bob Valenti VW	6
Volkswagen	VW of Hartford	6
Volkswagen	Crowley Volkswagen	4
Volkswagen	Montesi Volkswagen	4
Volkswagen	Lia Volkswagen	1
<b>Total</b>		<b>95</b>

Make	Dealership Name	Count of Rebates
Volvo	Mitchell Volvo	3
Volvo	GENGRAS VOLVO	1
Volvo	Riley Volvo Cars Stamford	1
<b>Total</b>		<b>5</b>

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# Feb. CHEAPR Data And A Delay For The New Incentives?

## Fleeting Model Y Rebate

February rebate data show 72 rebates awarded, totaling \$59,000. January was restated and increased from 68 to 77 rebates with a total spend of \$82,500.

The leading vehicle in terms of Feb. rebates was the Toyota Prius Prime, which accounted for 22 of the rebates, and was followed by the newer Toyota PHEV, the RAV4 Prime, with 11. The RAV4 has been showing early signs of life. We don't know if the vehicle is supply constrained in CT as it is still being rolled out. These were the only two vehicles in double figures. With these two PHEVs dominating the rebates, the spend level was considerably lower than January.

The Model 3 accounted for only 2 rebates. As we have seen, the number of Model 3 rebates fluctuates wildly because only the base level is eligible for the incentive. The CHEAPR rebates don't track with overall sales of the vehicle. There were 4 Model Y rebates which is unlikely to continue. Tesla first reduced the price of the basic Model Y, which is why some of them qualified for incentives, but it subsequently pulled the vehicle off its online configurator.



**Jason LRRWD Y** @jgrano305 · Feb 22, 2021  
 Replying to @elonmusk and @AustinTeslaClub  
 Why was the SR Y removed?



**Elon Musk** ✓  
 @elonmusk

It is still available off menu, but I don't think the range, in many drive conditions, yet meets the Tesla standard of excellence

3:20 PM · Feb 22, 2021



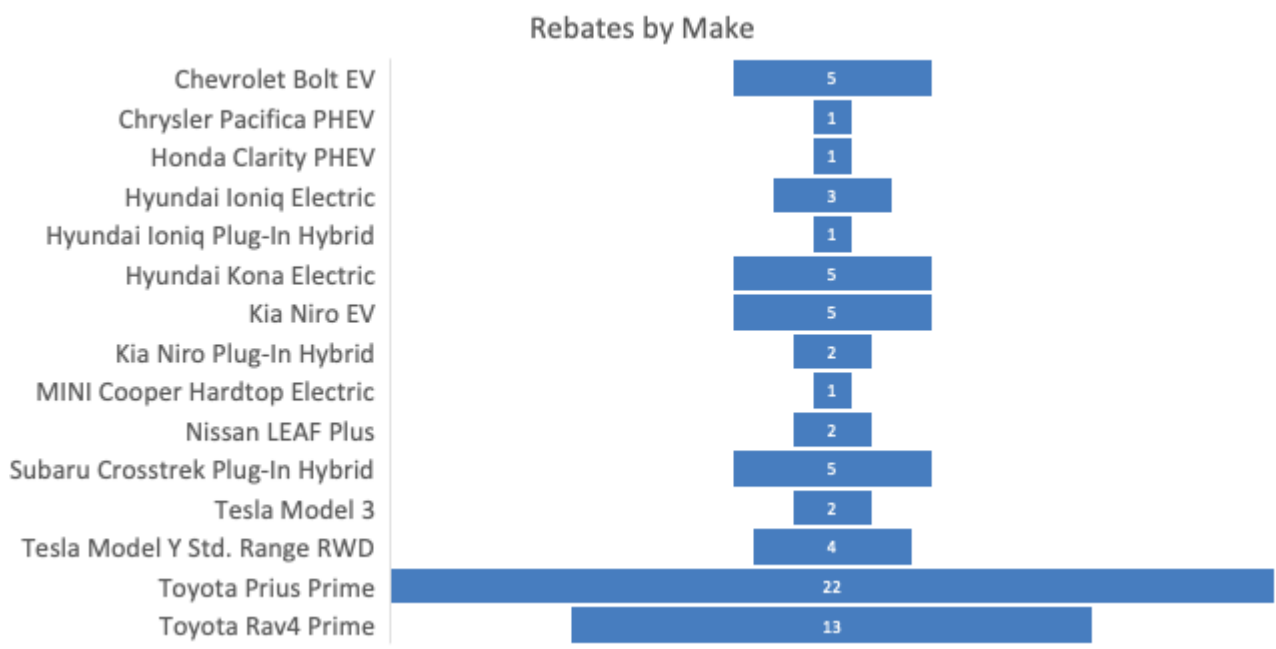
♥ 2.8K    💬 445    🔗 Copy link to Tweet

This was a tweet from Elon Musk that was published in Car and Driver. It was the sub-250

mile range that did not meet its standard of excellence. Off menu means it can still be ordered, but only by phone or in person in a showroom. It would not be surprising to see Tesla make some tweaks to the vehicle and then return it to the entrées. (UPDATE – We have heard that Tesla is not taking any new orders, not even off the menu, for the MY SR. If we are able to find out more details, we will update again.)

The CHEAPR board adopted a [new incentive](#) structure in February. The expectation was that it would become live on or about April 1. Some time was needed for the software implementation. As of this writing on 3/27, there is nary a word on the CHEAPR website, nor a peep from DEEP. Communication is not DEEP's forte. No board meetings have been held since the new incentives were adopted and none have been announced. We are trying to find out if significant delays have been encountered.

These are the rebates by model for February:



## 2020 – Turnover And Internal Dynamics of EVs in CT

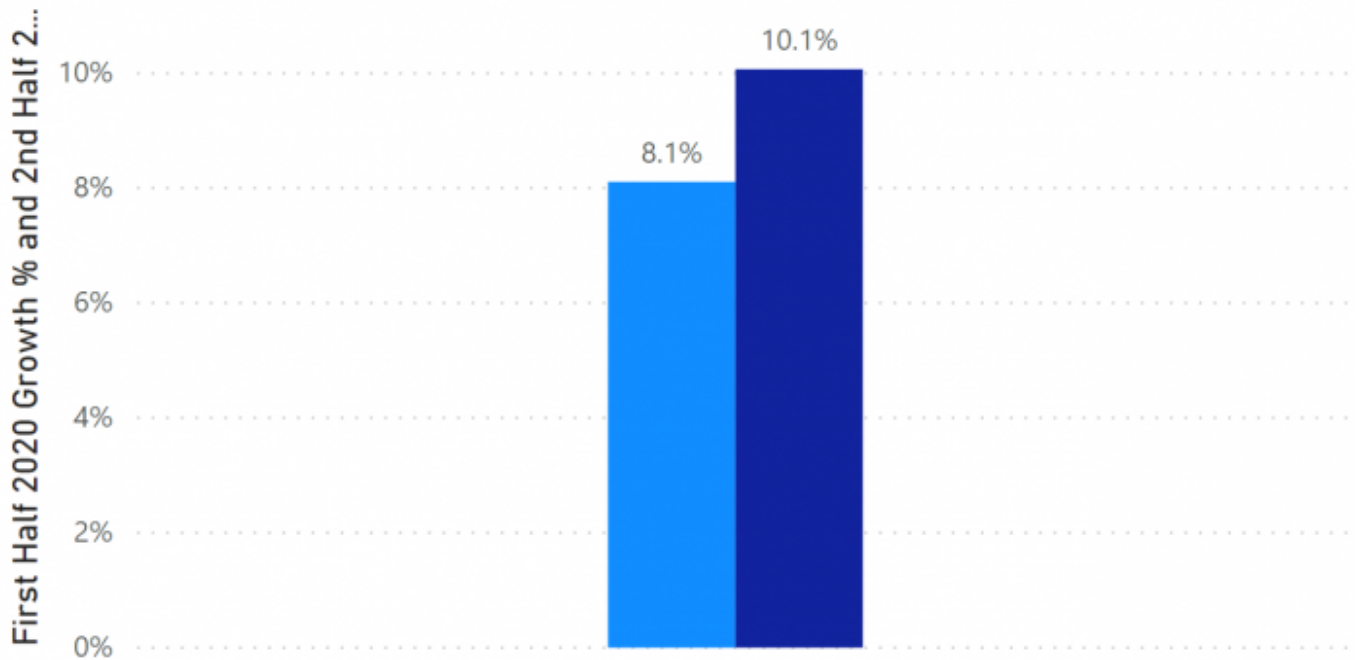
### The Equivalent Of 52% of EVs Added To The File in 2020 Turned Over

EV registrations in Connecticut increase 18.2% in 2020, a not great number in a very difficult year. However, as difficult as the year may have been, CT can be its own worst enemy with no direct sales and an underperforming purchase-incentive program. The chart below breaks this into the first vs second half of the year, clearly showing the effect of the lockdown

followed by a modest recovery.

## First Half vs Second Half 2020 EV Growth

● First Half 2020 Growth % ● 2nd Half 2020 Growth %



In January 2020, there were 11,677 EVs registered in the state. 4408 vehicles were added to the file over the course of the year. But we ended the year at 13,800. In other words, there were 2285 EVs that left the file. The numbers varied considerably by brand. Tesla had the lowest percentage of the major brands with the equivalent of 33% of the incoming vehicles turning over. Honda had the highest percentage, and off-the-charts 462%. Which makes sense, since Honda basically stopped selling its one plug-in model, the PHEV Clarity, in 2019. (We hear it is coming back.) As cars were sold or leases expired, no replacements were entering the fleet. This table lists the top makes, ranked by the number of EVs registered on January 1, 2021.

Turnover By Make					
Make	Jan 2020 EVs	New EVs All 2020	Turnover Jan 21/20	Turnover % of Adds All 2020	Jan 2021 EVs
Tesla	4,444	2151	716	33%	5,879
Toyota	1,683	480	260	54%	1,903
Chevrolet	1,758	380	443	117%	1,695
Ford	687	133	195	147%	625
BMW	613	216	214	99%	615
Nissan	566	125	105	84%	586
Hyundai	237	235	33	14%	439
Honda	505	29	134	462%	400
Porsche	201	109	25	23%	285
Volvo	158	136	28	21%	266
Audi	89	97	17	18%	169
<b>Total</b>	<b>11,677</b>	<b>4408</b>	<b>2285</b>	<b>52%</b>	<b>13,800</b>

The same data drives the chart at the top of the post. Each of the components is its own bar. The table and the bar chart come from the [EV Dashboard](#), where they have full interactivity and slicers.

The obvious question is why the differences. We can try to infer. Some of it may have to do with leasing. A dealer on the CHEAPR board meetings reports that leasing is 50% of his new car business. That is higher than the national norms we've seen in Statista and other sources, but there is no doubt that leasing is big. Tesla came late to leasing and has yet to offer a buy-out option. And their cars have longevity. It is quite possible that a higher percentage of buyers equates to lower turnover.

One comment mentioned by a dealer during a CHEAPR board meeting bears repeating. This person said that a significant portion of EV leasing customers coming to the end of their lease return to ICE in order to save money, especially given that they cannot get another CHEAPR incentive due to the program's once per lifetime limit. His suggestion: allow leasing customers to get the incentive twice but cut it by 50%. It's a thoughtful suggestion and would also have the benefit of lowering the program's burn rate for 2-3 years until it normalizes.

Aside from leasing, there is sales volume. Chevrolet and Ford,

which are the largest brands with net negative registrations (i.e. turnover in excess of 100%) similarly suffer from a variation of what is happening with Honda, namely cancellation of nameplates coupled with a lack of other sales volume to replace the departing vehicles. In the case of Chevy, the near-term recovery plan is a redesigned and lower-priced Bolt and a reasonably priced EUV Bolt variation. We'll know at the end of the year how these will have fared. Ford, on the other hand, has what may be a significant win with the Mach-E, the EV crossover Mustang. There is a limited production run in 2021, which has been reportedly sold out (with dealers tacking on extra markup as reported in [Carbuzz.com](https://www.carbuzz.com)).

Similarly, the 99% BMW turnover and the 84% Nissan turnover indicate stasis. On the flip side, low turnover from Hyundai, Porsche, Volvo, and Audi could indicate some renewed vigor. Sales volume for the Audi is currently very low, but an ultra-premium brand like Porsche, placing in 9th position, indicates some success in a niche market. However, there are a lot of cars vying for this small segment, with the new Tesla Model S Plaid, for which it is too soon to have registration data, the presumptive early favorite.

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## **New Program Rules Adopted by CHEAPR Board**

### **Higher Incentive Levels, Low MSRP**



# Cap, New Income-Limited Incentives

Note: This page is updated to note that the new incentive levels have been implemented as of June 7, 2021. The CHEAPR home page has been updated but we think the explanation below is clearer. If you do look at the CHEAPR page, please *ignore* the \$9500 incentive headline. Nobody will get that level of incentive. It would only apply to an income-limited individual buying a fuel-cell vehicle this year, which is ridiculous since there aren't any fuel-cell vehicles for sale in the state, and how would an income-limited individual afford an expensive fuel-cell vehicle.

An updated set of rules was adopted by a 6-3 vote of the CHEAPR board that supersedes the last rule change made in October 2019. Here are the most relevant changes:

	Current Incentive	New Incentive
BEV 200+ Miles	\$1500	\$2250
BEV <200 Miles	\$500	\$2250
PHEV	\$500	\$750
Supplemental Incentive BEV	NA	\$2000
Supplemental PHEV	NA	\$1500
Used Incentive BEV	NA	\$3000
Used Incentive PHEV	NA	\$1125
MSRP Cap	\$42,000	\$42,000

BEV = Battery Electric Vehicle, PHEV = Plug-in Hybrid Electric Vehicle, MSRP = retail price

# Major Changes

- No difference in incentive levels based upon EV range.
- Higher incentive levels for the remainder of 2021.
- New income-limited incentive for used EVs
- New income limited supplemental incentive for new EVs
- Likely effective date is on or about April 1.

There is no longer a difference in the size of the incentive as it relates to the range of any given BEV. Incentives are higher across the board. The MSRP cap was left unchanged at \$42,000. There are new income-limited incentives for used EVs and a supplemental incentive for new EVs. The supplemental gets added to the base incentive for qualifying income-limited individuals buying a new BEV or PHEV. There is no MSRP cap for a used EV.

The CHEAPR incentive limit has been increased to **twice per driver per lifetime**. And the clock resets as of June. If you already received a CHEAPR rebate before then, you are entitled to two more. (It is different than the federal tax credit which can be used each time someone buys or leases a new EV.)

## Other CHEAPR Program Details

There is still a fuel cell incentive and the MSRP cap for an FCEV is still \$60,000, though there is none of that type of vehicle being brought into the state presently.

Dealers receive an incentive of up to \$125. This, once upon a time, was higher. DEEP, in its analysis for its EV Roadmap, questioned whether the dealer incentive accomplished its objective because most of the time it was not being passed along to the salesperson, which was the basic idea. However, it remains in this reduced form.

# Income-Limited Incentives and Eligibility

The incentive for a used EV applies to purchases from a licensed dealer. This applies to any dealer of used cars, not just new car dealers that also sell used vehicles. It does not apply to private sales.

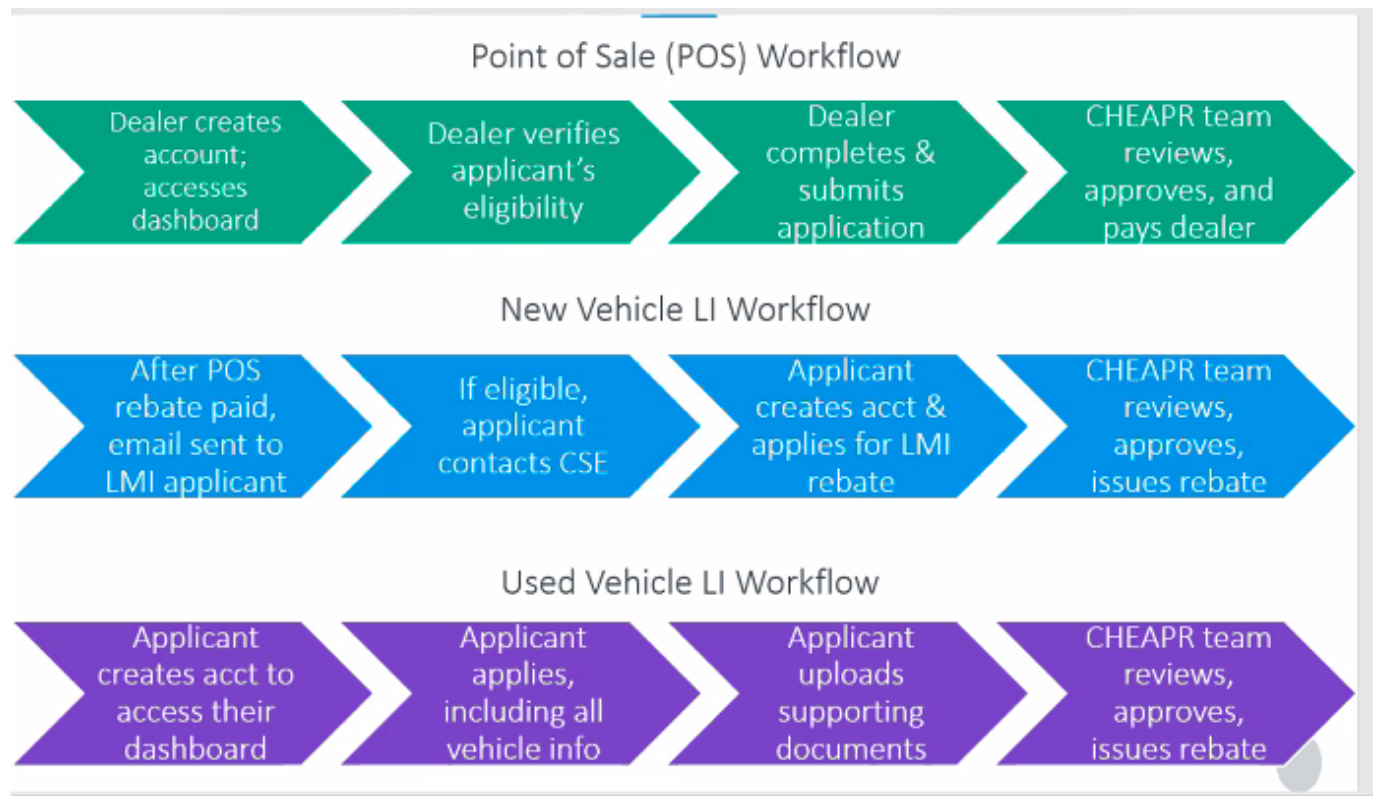
An individual's eligibility for the income-limited incentive is determined by whether that person is already participating in certain assistance programs. Administratively, this is simpler than performing an income verification, but it still takes a few steps and involves a lag in receiving the money. These are the programs that are determinative:

## Accepted Categorical Eligibility Programs

Program	Acceptable Documentation	Maximum Age of Document
Energy Assistance Program (CEAP)	<ul style="list-style-type: none"> <li>CEAP Eligibility Confirmation Letter</li> </ul>	12 months
Weatherization Assistance Program (WAP)	<ul style="list-style-type: none"> <li>CT-WAP Participation Card or similar form by the Community Action Agency (CAA)</li> </ul>	12 months
Supplemental Nutrition Assistance Program (SNAP)	<ul style="list-style-type: none"> <li>SNAP Notice of Eligibility</li> </ul>	12 months
Temporary Assistance for Needy Families (TANF), Temporary Family Assistance (TFA), Tribal TANF	<ul style="list-style-type: none"> <li>Award Letter or Notice of Action</li> </ul>	12 months
Head Start Income	<ul style="list-style-type: none"> <li>Award Letter or Notice of Action</li> <li>Approved Head Start application or Enrollment in Head Start</li> </ul>	12 months
Supplemental Security Income (SSI)	<ul style="list-style-type: none"> <li>Benefits Verification Letter</li> </ul>	12 months
National School Breakfast and Lunch Program (NSLP)	<ul style="list-style-type: none"> <li>Notice of Application Approval</li> </ul>	Within current school year
Bureau of Indian Affairs General Assistance	<ul style="list-style-type: none"> <li>Award Letter or Notice of Action</li> </ul>	12 months

Unlike the way the primary part of the program works, where it can be cash on the hood, the buyer completes an application to confirm eligibility based on one of these programs. DEEP estimates that it will take about a month to process the paperwork at which point a rebate check will be issued. This process can be done online (desktop or mobile) or via postal

mail. This is the workflow:



Since nobody wants an applicant to get a surprise denial, DEEP promises outreach and education so that buyers understand what is involved and whether they qualify before filling out the application.

## Incentive Structure

As noted in the table at the top of the page, someone buying a new BEV will receive a \$2250 incentive. However, the way it is actually structured is that the base incentive of \$1500 from the current program is actually retained and a “stimulus increase” of 50% is added to it. This additional stimulus is earmarked for calendar 2021, funds permitting. It will be tracked and reviewed regularly. This is why you get that odd \$1125 number for a used PHEV. The base is a more neatly rounded \$750. Each incentive size will then revert to its base level in 2022. We will update our information as it gets confirmed closer to the end of the year.

## Start Date

The changes take effect as of June 7th, 2021. The income limited used and supplemental incentives are now ongoing, but the higher incentive levels may revert to the old levels at the end of 2021.

## Our Take

The Connecticut EV Coalition made a proposal to the board that would have raised the stimulus to \$2500 for BEVs and the MSRP cap to \$50,000. The incentive including the stimulus adder is close to our proposal but the MSRP cap remains at a level that excludes too many vehicles. According to Cox Automotive, the average cost of an EV is \$55,600. MSRP caps exist in other states but at much higher levels: MA – \$50,000, NJ – \$55,000, NY – \$60,000. Given that the program was about 70% underspent in 2020, we expect it will underperform in 2021, though to a lesser degree.

We like the introduction of the equity aspect of the program, particularly the used EV incentive, as this market is not well-developed.

This structure of an incentive plus a stimulus adder is not the most consumer-friendly formulation. This allows the incentive to revert to a lower level after this year without making a formal change to the program. It is administratively convenient, but it has the potential to be confusing. To the consumer, it will still be a change. We think the incentive should be the incentive and if it needs to be changed, it needs to be changed.

The fuel cell incentive is there because the state is trying to be supportive of this industry. We are not sure if there will be a compelling and cost-effective case for hydrogen in light-duty vehicles, especially green hydrogen. Be that as it

may, our main issue with this is the way it has consistently been used as a misleading headline. It has now been made even more misleading.