

CHEAPR – Nov Update and Prolonged Limbo

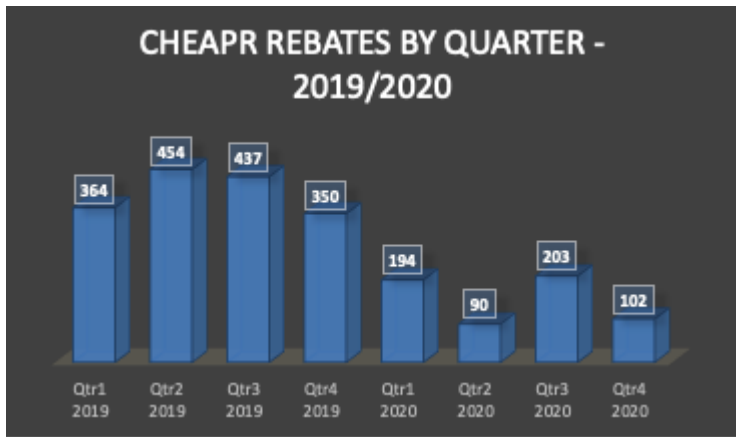
CHEAPR Remains in a Limbo Which Might End Soon

The combination of the 2019 legislation authorizing a modest, but steady funding stream, along with new program elements, and changes made by DEEP to the program in October 2019 that were more financially conservative have left the program in limbo. There has been a notice that “CHEAPR is EVolving” on its website for a year that there will be revisions but these have not been finalized.

The immediate impact of the October 2019 changes has been a dramatic underspending relative to the budget. Through November, the program awarded 589 rebates with a value of \$629,500 against a budget of \$3 million. The program incurs some other costs aside from consumer rebates, namely dealer incentives and admin charges paid to the program administrator, the Center for Sustainable Energy. DEEP has projected a final underspending of \$2.2 million. Fortunately, these funds will roll over into 2021.

Program Parameter Changes and COVID-19

The downturn in rebates was made even more severe by the



pandemic recessionary economy, and this perfect storm led to the extremely low numbers we have been seeing through all reported data for 2020. November continued the pattern with only 40 rebates awarded. This chart of rebates by

quarter for 2019 and 2020 illustrates this clearly. The downturn began in Q4, 2019 (the changes were made mid-October of that year), declined further in Q1, 2020, when the economy was still strong for the first 10 weeks, and then really tanked in Q2, 2020 during the lockdown. There has been a modest recovery since then (keep in mind that Q4, 2020 includes only 2 months of data).

New CHEAPR Structure and Forthcoming Vote

Responsibility for CHEAPR transitioned from DEEP to a board that was authorized by the legislation and had a quorum by the beginning of the year. DEEP still retains a presence on the board and administratively the board lives within DEEP. The board has been divided and no fewer than 9 scenarios have been modeled and recently presented to the board. These represent different levels of incentives, where to place the MSRP cap, the newly authorized income-limited incentives for used EVs, and a supplemental incentive for new EVs, as well as a possible temporary increase in incentive levels as a stimulus.

We expect a vote to occur sometime in the next few weeks.

This is the position of the EV Club of CT and the broader [CT EV Coalition](#):

- Raise the MSRP cap and incentive levels to where they were before being lowered in October 2019.
- Implement an income-limited used EV incentive.
- Implement an income-limited supplemental incentive.

We feel the finances, especially given the rollover funds, are adequate to support this model in 2021. The EV Coalition plans to seek additional funding for the program for 2022. There is the possibility that funds may be forthcoming from the Transportation Climate Initiative beginning in 2023. Finally, we want to thank everyone who submitted public comments when they were solicited by DEEP over the summer.

At such time as the program revisions are finalized, the updates will be posted to the [incentives](#) page on this website.

2020 Wraps With a Bang

2 Environmental Wins Conclude the Year

2020 is a year most of us will be happy to see in the rearview mirror. But the last couple of weeks have brought two wins that deserve to be celebrated.

Transportation Climate Initiative

Governor Lamont signed the Transportation Climate Initiative Memorandum of Understanding today, December 21. TCI is a cap and invest program that will place a tax on fossil fuel at the

wholesale level that will yield funds for the state to invest in clean transportation. It is anticipated that \$89 million could flow to the state in 2023, rising to \$117 million in 2032 with a reduction in greenhouse gas emissions of 26%. The program is similar in overall design to the RGGI cap and invest program that has been in place for power plants. The TCI iteration is more complex in that there are many more point sources of pollution. The reason the funds are not anticipated until 2023 is that there is still a considerable amount of rulemaking that has yet to occur. For a thorough piece of reporting on this, see [this article](#) in the CT Mirror.

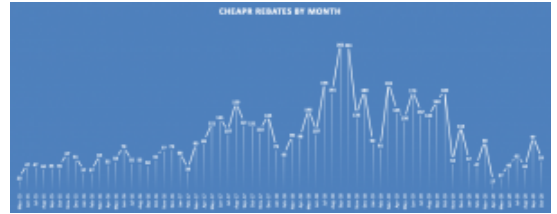
Monetizable Credits for EV Charging Stations



The second piece of good news is that the CT Green Bank has established a carbon credit monetization program for the owners of EV charging stations. This is not for residential owners. It is for businesses or other entities that control dozens or hundreds of charging stations. Details [here](#).

CHEAPR

We have been closely following the [CHEAPR](#) saga, the year-long and still unresolved effort to revise program parameters, and have been publishing monthly program status from the CHEAPR dataset. It is anticipated that the board will vote on this reasonably soon.



CHEAPR Rebate History

Events

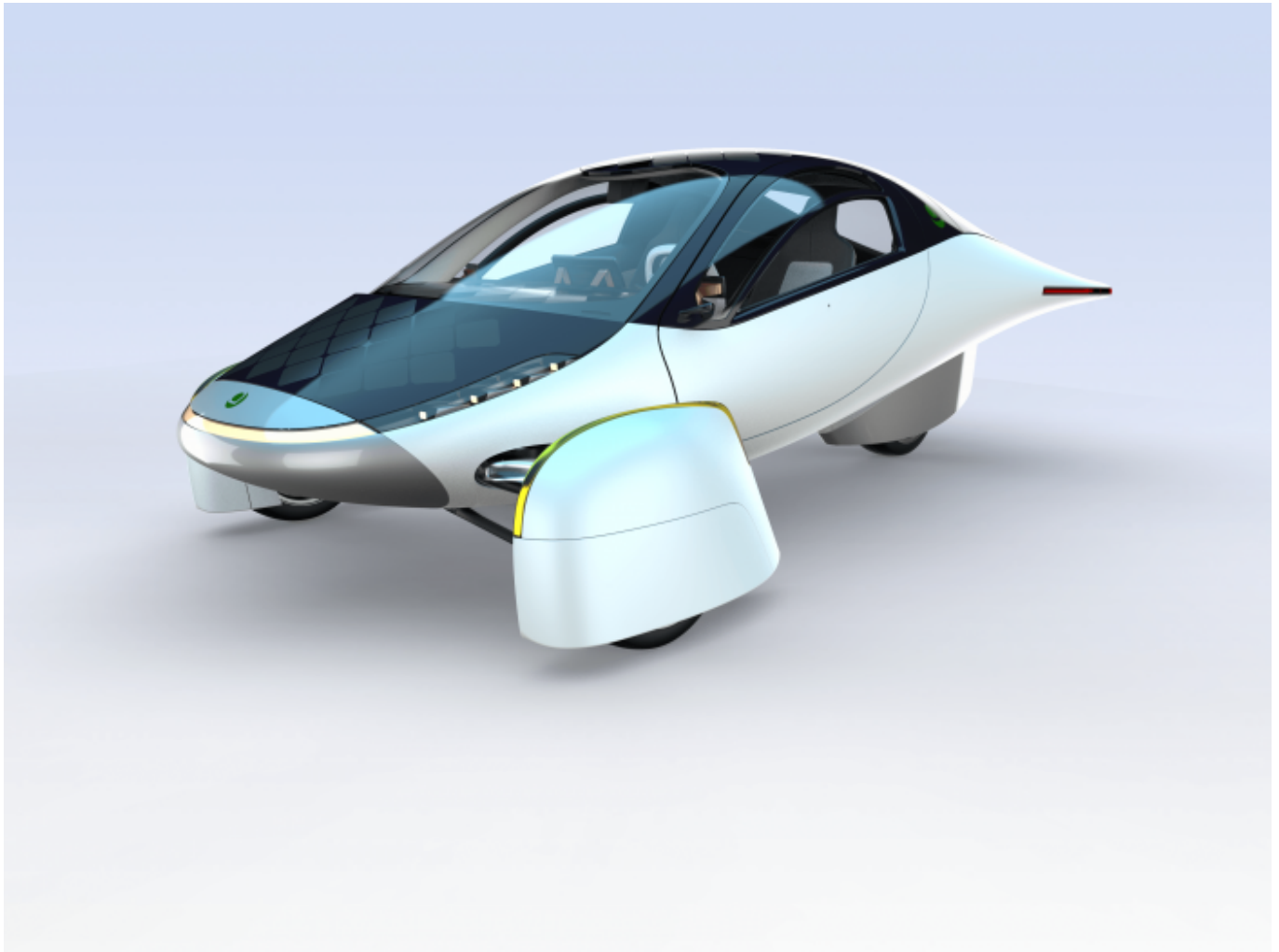


2020 started off with one of the best-attended events in the club's history when Westport Police Chief, Foti Koskinas, brought the fully customized [Tesla Model 3 cruiser](#) to a club meeting in February. After that, the pandemic lockdown threw sand in the gears of our event

planning, though we still managed to hold 2 socially distanced outdoor events. The first was a fully-subscribed [EV parade](#), held in partnership with Sustainable Fairfield, during National Drive Electric Week. The second was a test-drive event of the [Polestar 2 BEV](#) and the Polestar 1 PHEV.

There are a number of new EV introductions anticipated for 2021 and we hope to preview some of these for members. One thing that we can tease is a tentatively scheduled mid-year test-drive event for the new Aptera EV, a 3-wheeled vehicle





with fully integrated solar and the lowest drag coefficient of any vehicle, the top trim level has an electric range of 1,000 miles for about \$46,000.

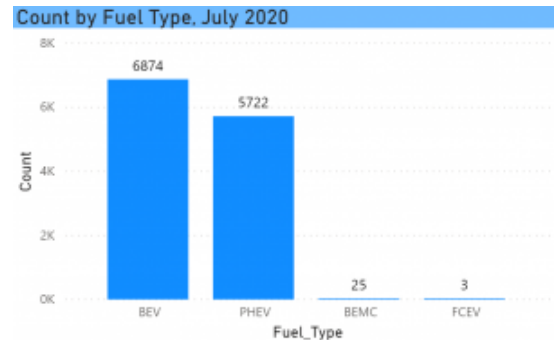


FreeWire Charger

As we were forced to move into Zoom mode to hold events, we lined up several speakers. We had Gabe Shenhar from Consumer Reports give us a detailed, early preview of his Tesla Model Y test-drive. Peter Millman spoke to us about [Community Choice Aggregation](#), and John Erdman of [FreeWire](#) spoke about their

charging solution with a self-contained battery that allows DCFC high-speed charging while avoiding demand charges.

Data



EVs by Fuel Type July 2020

We continued with our tracking of EV adoption levels in the state, which is published to the website via the [Interactive EV Dashboard](#). This is the only publicly available, free-of-charge, resource for this level of detail that we are aware of. We also submitted an information request to obtain [CHEAPR rebates by dealership](#). We have had numerous requests for dealership recommendations and this was our way of responding to this using quantifiable data that applies statewide.

Opinion Leadership

The club continues to present to interested organizations, participate on panels, respond to media requests, and publish opinion pieces, in the latter case with Op-Eds in The Hartford Courant, The Hartford Business Journal, and CT News Junkie.

As we gradually emerge from this pandemic cocoon, we look forward to a more active year in 2021. We have a speaker on January 14th who will be discussing a federal carbon tax proposal. You may ask how this intersects with TCI and that is one of our questions.

Best wishes for a safe and healthy holiday season!

2020 – A Lost Year for CHEAPR

48% Month Over Month Drop in October Rebates

Newly released data, updated with transactions through October 31, show a decline from September to October from 97 to 59 rebates. (The September number was restated and is slightly higher than the initial reporting.) The expenditure for consumer rebates for the 10 months of the year to date is \$587,000. The annual budget (including admin and dealer incentives) is \$3 million. (The consolation is that the unspent funds will be rolled over into 2021.) There have been 62% fewer rebates issued year over year, Jan. through Oct. (546 vs 1435).

The Tesla Model 3 (15 rebates) and the Toyota Prius Prime (13) were the only vehicles in double digits for the month.

2020 has been a lost year in many ways that are more important than CHEAPR. But in our EV world, this incentive program has been in need of revamping and it hasn't happened. We will discuss our take on why in a moment.

In another 6 -8 weeks or, we expect we'll have the data to see if this was a lost year for EVs in general in CT.

We have blogged in the past about how we feel that CHEAPR has been a meaningful program, having given out over 6,000 rebates

since inception. But rebate numbers, which had been steadily building, have reversed course since the changes in October 2019 that lowered the incentive levels and the MSRP cap, which was then further exacerbated by the recession.

Revisions to the program that were promised for 2020 are still pending. The most recent board meeting was on October 9th. There is no meeting posted on its website as of this writing. The CHEAPR board apparently remains divided as we await a vote on revised parameters. (This is our reading of the situation. The EV Club is not represented on the board, something we have requested.)

The legislation passed in May 2019 authorized a used EV incentive. A [revised program](#) plan was submitted to the board in July that included an income-limited used EV incentive and an income-limited supplemental incentive for new EVs. There has also been discussion of a time-limited “stimulus” incentive adder.

From our perspective, the impasse stems from whether to restore the base incentive and MSRP cap to the levels of before Oct 2019. (The used and supplemental incentives haven't been areas of controversy.) DEEP is concerned that doing that and adding the new incentives risks depleting funds that could result in a temporary interruption in the program. They rely on modeling from their program consultant to assess this. (Though there was another round of modeling requested in October that has not been publicly disclosed to this point).

There was a second reason articulated by DEEP, which is that for the more expensive vehicles, consumers will buy them anyway, rebate or no. We don't see it that way but won't get further into that here.

Time to Restore the Prior Incentive Levels

The EV Club, along with the broader CT EV Coalition, believes there is a strong case for restoring the pre-October 2019 incentive levels and MSRP cap, along with introducing the used and supplemental incentives.

- The program is clearly failing this year.
- As of the most recently published EV registration data by the DMV in July, the state is losing ground relative to the commitments made in the Multi-state Zero Emission Vehicle Action Plan.
- There will be \$4.9 million in available funds in 2021 due to this year's underspending and some unused bridge funds from 2019, a 63% increase relative to budget.
- The recessionary economy is likely to persist for another 6 months. Let's hope it is only that long. (It also makes for a difficult environment in which to model.)
- Due to the income-limitation aspect of the used and supplemental incentives, software development is required for implementation. They are thus unlikely to be ready for launch on January 1.
- The take rate for the used EV incentive is likely to be low in the short-term.
 - The incentive is income-limited.
 - The dealership representation on the board stated that the current market for used EVs is small. Our [analysis](#) of DMV registration files is consistent with this perspective.
 - As noted, the start date is unknown at this time.
 - There is still a shortage of charging infrastructure in the urban communities that this is intended to most benefit. This applies to the supplemental incentive as well. Over time, this

will improve, but it will still be an issue in 2021.

- For BEVs, which, as noted in DEEP's EV Roadmap, have a greater impact in lowering greenhouse gas emissions, there just aren't a lot of them available under the current \$42,000 cap. As EV introductions move more toward larger battery packs, SUVs, crossovers, and other popular (and larger) form-factors, this is likely to be even more the case.
- Even at the old (higher) levels, the CT plan is less generous than what is offered in other, nearby states.
- Finally, the EV Coalition intends to lobby for a larger share of the clean-air fee to be devoted to CHEAPR. If successful, the budget issue will be ameliorated. If not, there will be plenty of runway to make adjustments, not to mention empirical data as a basis on which to do so.

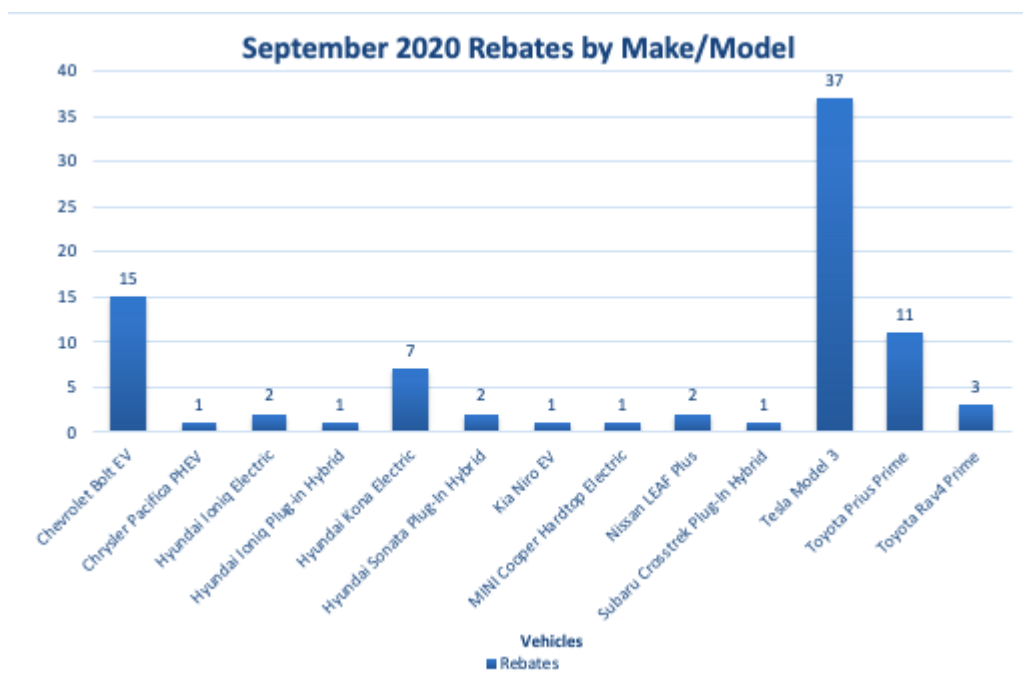
September CHEAPR Stats Update and Pending Vote

Spike in Model 3 Rebates Leads to Slightly Stronger

Rebate Activity in September

The September data were published on Friday, Oct. 30th, and show 84 rebates awarded with a \$104,000 spend. Also, August was restated with rebates increasing from 40 to 44. A restatement of the prior month is common with these data releases.

The base-level trim of the Model 3 can still qualify for a rebate, even under the lowered \$42,000 MSRP cap, and when those numbers are up, it raises the overall level. There were 37 Model 3 rebates, followed by 15 from the Chevy Bolt, possibly driven by some significant discounting. The spend level was \$104,000, still pacing well under the allocated budget.



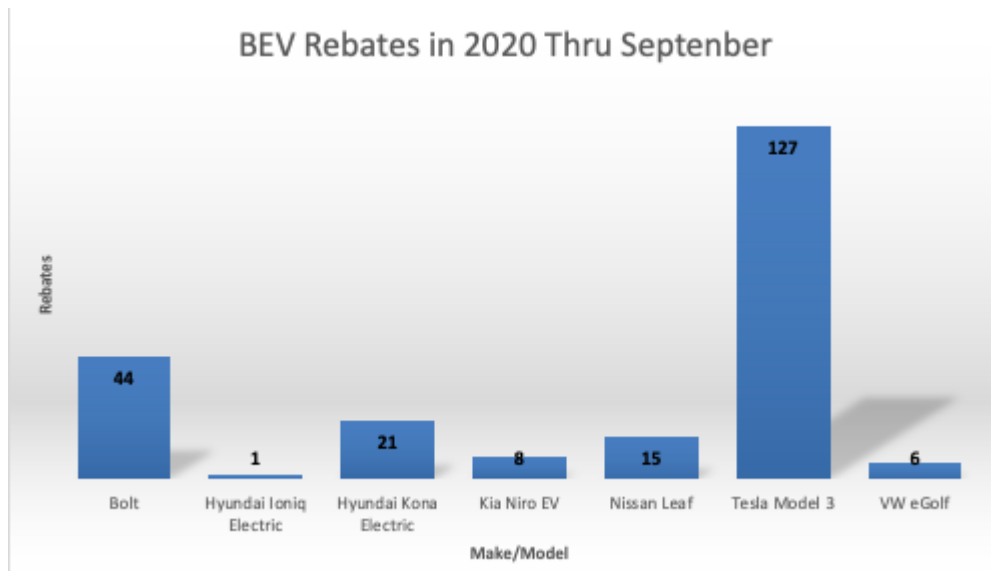
Rebate awards total \$402,000 for all of 2020 through September against an annual budget of \$3,000,000 (less admin and dealer incentives).

Pending Vote

CHEAPR changed the size of the rebates and the MSRP eligibility cap in 2019, which led to a large drop in the number of rebates awarded and the dollar amount spent. This was done at the time out of concern for the possibility of funds running dry late last year. Ever since then, there has been an announcement on the CHEAPR home page that revised rules will be coming in 2020. New rules were finally proposed in July. There was much disagreement about the proposal. Subsequent meetings in August, September, and October failed to resolve differences. No proposal has yet to be brought up for a vote. No meeting date is posted as of Nov 1. The CT EV Coalition does not like the incentive structure as originally proposed.

DEEP has asked their consultant, the CSE to go back and model additional scenarios. There are a number of variables in play, including an income-limited used EV incentive, an income-limited supplemental incentive, temporary stimulus incentive during this period of a weak economy, size of the rebate, and MSRP budget cap. We have blogged about a number of these issues before – [here](#) and [here](#) most recently.

The biggest sticking point, in my opinion, is the MSRP cap. At \$42K, it is lower than neighboring states – NJ (\$55K), MA (\$50K), NY (\$60K). More to the point, there just aren't many BEVs that qualify. Below is the count of rebates by BEV model for 2020 to date.



There are only 7 models receiving rebates and just 4 that received more than single digits. If we exclude the Model 3 as our estimates are that ~75-80% of them are not eligible, and the eGolf, which is being discontinued, that leaves only 5 that are eligible, 3 with more than single digits. The eGolf is being replaced with the ID4, which will be ineligible. A loaded Bolt or Leaf Plus will exceed the threshold. The new Ford Mach-E begins at \$43K. And, of course, the base trim level of the Tesla Model Y is over \$42K. We feel CHEAPR needs to support the new generation of EVs, which include popular SUV or crossover form factors. Let consumer choice dictate where the rebates go and not put a thumb on the scale.

Aug CHEAPR and October Vote

Few CHEAPR Rebates Given in August

Another tepid, desultory, underwhelming (I'm running out of adjectives – feel free to help in the comments) month for the CHEAPR program with only 40 rebates given out and a total dollar amount of \$28,000. This is the second-lowest month of the year and continues the dispiriting (another adjective!) trend we have seen since November 2019. One interesting item: there were 9 rebates for the new Toyota RAV4 Prime plug-in hybrid. Between the RAV4 Prime and the Prius Prime, Toyota vehicles dominated the rebate activity. The reporting has been that the plug-in RAV4 Prime is a severely supply-constrained vehicle at present and there was some doubt that any would make it out of California, but apparently, they have.

Note: CHEAPR often restates the prior month when issuing new data. In this case, July has increased from 57 to 62 rebates and it is incorporated into the title graph.

Decision Time

The next CHEAPR meeting is scheduled for October 9 at 11:00 AM.

The Center for Sustainable Energy (CSE) presented a set of proposals for program revisions in July. The agenda includes a vote on the new program. The meeting is scheduled for only one hour, so we don't expect much discussion. We do not know if this will be an up or down vote on the package or if the items will be considered individually. We know that despite 3 meetings and public comments, there isn't a consensus on all the items.

This is what we know to the best of our information.

The package that will likely be presented to the board in October will have no differences relative to what was proposed in July.

- No e-bike incentive or even a pilot test. Ix-nay on this from the DEEP attorneys.
- A used-EV income-limited (lower/middle income, or LMI) incentive (non-controversial).
- A supplemental LMI EV incentive (non-controversial).
- No changes to base incentive levels or to the MSRP cap.
- No changes to the much higher fuel-cell vehicle incentive, which stands at \$5000 with an MSRP cap of \$60,000.

UPDATES as of 10/25/20

Modeling scenarios include:

- Maintaining the current (since 10/19) MSRP cap of \$42K or raising it to \$50K.
- Base BEV incentives of \$2500 or \$1500.
- A possible temporary “stimulus” additional sample of \$1750 for BEVs and FCEVs, and \$500 for PHEVs.
- \$500 increase to \$2500 for the LMI incentive.
- Possible inclusion of scenarios with base-level incentives less than \$1500.

Incentive Levels and MSRP Cap

Much commentary, from board members, public attendees, and public comments, was in favor of raising the base incentives and the MSRP cap to at least where they were before DEEP lowered them in October 2019. These currently stand well below comparable incentive programs in nearby states. The CSE was tasked with modeling scenarios and they forecasted that there was a possibility that demand would exceed available funds, thus risking disruption. This blog doesn't buy that line of argument for several reasons.

- A pandemic and recession of unknown duration make for a difficult environment in which to model. There is a lot of guesswork here, exacerbated by the fact that there

are no empirical data on the take-rates for the new LMI incentives. A disruption would likely only occur if the economy roars back and the participation rates are at the high end of estimates.

- The dealership contingent spoke out for a higher MSRP cap. They argued that leases have grown in popularity to about half of all new car sales, and people can manage a lease payment on a vehicle they can't afford to buy. Also, we are soon to see a wave of crossover and SUV EV launches, and these popular form factors are more expensive than sedans.
- Based on our [analysis](#), and comments from the dealers, there isn't much of a used EV market at this time. The incentive will help, but it will take some time for auction bids to be influenced such that inventory can build. Also, used Teslas are probably too expensive for an LMI limited buyer (and we don't know how the rules will work for them – they may not qualify – something we will seek to find out).
- At the July meeting, when CSE proposed this incentive regime, they advised that the LMI system development would cause it not to be available until Q1 2021. We don't know if they have been able to work on it during this period when the program isn't finalized, but there could potentially be a delay.
- There is more money available – DEEP has indicated that the unspent funds from 2020 (they have only given out \$398,000 in consumer rebates), as well as unspent bridge financing from 2019, will be rolled over into 2021. This will yield approximately \$4.9 million in available funds (compared to the \$3 million budget).
- The CHEAPR mission seems to be increasingly skewed towards the equity part of the mission. This blog supports the LMI incentives (and e-bikes, for that matter), but also sees the mission as just getting more EVs on the road. The program has fallen seriously short of that in the past year.

For these reasons, we think the best course is to raise the incentives and collect data. There will be plenty of time to course-correct if necessary. CHEAPR has an important role to play in moving people to drive electric. This is attested to by consumers, dealers, and our [data](#). Let's allow it to fulfill its potential.

Closing Pet Peeve

The \$5000 fuel-cell rebate has never been given out in the 5+ years of the program's existence, and there is no sign it will be anytime soon. You can't buy one of these vehicles at present, and there is only 1 public hydrogen refueling station in the state. And yet, DEEP continues to use this as its headline incentive. It is misleading. It can be seen in the first sentence of the first paragraph on the CHEAPR home page. It was spoken out loud by Tracy Babbidge during the Sustainable Fairfield Webinar on September 28th. It was said by Victoria Hackett when she spoke at the Tesla leasing kickoff in February. Those are the occasions we are aware of but this is clearly not inadvertent. They are not helping themselves.

Editors Note: The October 9th meeting did not yield a resolution. A letter from the EV Coalition was debated that proposed a different structure. No vote was taken.

Meeting Details

We encourage members of the public to listen in! This is the Zoom info:

Webinar Information:

Join Zoom Meeting

<https://ctdeep.zoom.us/j/99938032925>

Meeting ID: 999 3803 2925

One tap mobile

+16468769923,,99938032925# US (New York)

Meeting ID: 999 3803 2925

Find your local number: <https://ctdeep.zoom.us/j/99938032925>

July CHEAPR Stats – Upcoming Board Meeting

This will be the last CHEAPR post prior to the CHEAPR board meeting on Thursday, September 10.

Stats Update

The July stats have been published and rebate levels increased slightly over the desultory levels where they have been. There were 57 rebates in July, up from 46 in June. The numbers last year were 179 and 142 for June and July, respectively.

CHEAPR has spent \$362,500 through July, plus another \$40K or so on dealership incentives, out of an annual budget of \$3 million.

9/10 Board Meeting

The published agenda does not include a vote. At least that's what it says. Some key points:

- Despite DEEP's not soliciting public comments on the MSRP cap and base rebate levels, many spoke up about

them. The CSE was asked to scenario model and are expected to present their work. It is hard to think of a more difficult modeling environment than the present. The big question, of course, is that while the program has underperformed ever since the levels were changed in October 2019, there is an unknown with respect to the take rate for the supplemental LMI and used EV incentives that are likely to be adopted.

- DEEP's position was that e-bikes cannot be statutorily defined as vehicles for the purposes of inclusion in CHEAPR. However, there is an agenda item about e-bike rebates.
- During the July meeting, there was a gap of roughly \$800K between funds spent on rebates and available funding. A more detailed report on the CHEAPR budget is due. If any preliminary information has been released, we have not seen it.

Should There Be An Incentive for E-bikes

An E-bike Pilot

Among the suggestions offered by members of the new CHEAPR board has been a pilot project for e-bike rebates.[\[1\]](#) This is most strongly advocated by those who are focused on lower-income households, which are often clustered in the state's largest cities.

E-bikes are an emission-free mode of transportation and could provide another transportation modality option for people who can't afford a car. Or it could be a cost-effective replacement for a second car.

E-bike Proposal Receives Divided Reception

An e-bike incentive has received a divided reception. If I were to characterize the opinions expressed during the public meetings and in the public comments submitted to DEEP, there seems to be support for an e-bike incentive, but with many opposed to its inclusion in CHEAPR.

The opposition to e-bikes being part of CHEAPR comes from two places. First, DEEP's reading of the statutory language concludes that CHEAPR can only be used for vehicles and that e-bikes cannot be considered vehicles, or more specifically, 'battery electric vehicles' based on the language. That interpretation has been disputed, [\[2\]](#) but from DEEP's perspective, this seems to be an end to the discussion.

The second reason is that a group that supports an e-bike purchase incentive feels that it should be done outside of CHEAPR with a separate pot of money to avoid being dilutive to getting EVs on the road.

The EV Club supports e-bike rebates. It would be preferable to have a new funding stream for them. Several people have pointed out that CHEAPR, which is funded by clean-air fees [\[3\]](#), receives less than half of those fees, with the rest going to the general fund. We would like to see more of those funds diverted to supporting clean transportation, which could be where to source e-bike funding.

Proposal for E-bike Pilot

There is also the situation we are faced with this year. It is almost certain that CHEAPR will not spend its budget. The amount of money spent on rebates and dealership incentives in the first half of the year is only equal to about 22% of the \$3 million budget on an annualized basis. No matter what changes are made to the program, it will be next to impossible to use these funds. The under-spending is due to the changes made to the program in October 2019 and exacerbated by the recession.

So, here's our proposal. Create a carve-out and conduct an e-bike pilot in 2020 and into 2021. Allocate some reasonable budget, say in the range of \$150,000 – \$250,000, that would be a cap. We think this should be an LMI[\[4\]](#)-limited proposal, as the intent is not to subsidize e-bike purchase among affluent folks whose main interest is recreation. There would then be the opportunity to collect data. We could find out who is buying them, what they are being used for, and how effective the incentive is for motivating purchase and reducing emissions.

Rethinking the Cityscape

The broader context is that during our pandemic-induced lockdown, the clean-air benefits of having fewer cars on the road became [palpable](#). That, coupled with fears about virus transmission while using mass transit, inspired many cities to think about what a more people-friendly, less polluted urban landscape/streetscape might look like. Cities and town centers have been closing streets to vehicular traffic and adding protected bike and pedestrian lanes. Parallel parking spaces have been converted to outdoor dining areas. Some of this is temporary and responsive because everything happened so fast. But it could be permanent, and we would all be better off for it.

The City of Hartford has a city-wide bicycle network plan [approved](#), a [Complete Streets ordinance](#), and a goal to reach 10% bicycle mode share by 2035 (in the [Plan of Conservation and Development](#)). Plans like this have not only environmental and lifestyle benefits, but they would reduce overall crash fatalities, especially for people walking and biking.

E-bike incentives are an idea worth exploring [\[5\]](#) and we have an opportunity to learn something about how such a program would work with funds that would otherwise remain unspent.

[\[1\] Index of e-bike rebate support letters](#)

[\[2\] People for Bikes, 8/12/2020 – CT CHEAPR public comment and e-bicycle as vehicle legal analysis](#)

[\[3\] Total proceeds from the motor vehicle greenhouse gas reduction fee were estimated to be \\$8 million per year based on these two Office of Legislative Research reports, \[here\]\(#\) and \[here\]\(#\). Only \\$3 million per year from that fee revenue was dedicated to the CT CHEAPR EV incentives.](#)

[\[4\] Low to Moderate Income Household](#)

[\[5\] How E-Bike Incentive Programs are Used to Expand the Market, 2019](#)

Presence of CHEAPR Among Eligible New Vehicles

Whenever we have looked at CHEAPR, it has appeared to be a worthwhile program. (Our complaint is with how the parameters were changed in October 2019.)

Creating a Comparison of Registered Vehicles with CHEAPR Rebates

For this analysis, which is seen in the chart at the top of the post, I began with all of the vehicles that were new to the file (comparing the January 2020 and July 2020 files). I then filtered that to the definition we have been using for new (as opposed to pre-owned) vehicles, which is the model year of 2019 or later. From that sub-set, I further winnowed it down to vehicles eligible for a rebate by make. Finally, I lined up the CHEAPR rebate data for the corresponding time period (first half of 2020), also by make.

There is some estimating here and not only for identifying new vehicles. Mostly, I used make as my proxy. For example, all new Chevrolets deemed new are considered eligible. This would only apply to one model, the Bolt, and it is possible to get a fully loaded Bolt that would exceed the MSRP cap and thus be ineligible. The same is true for the Mitsubishi Outlander. In the case of Tesla, I excluded all of the Model S, X, and Y vehicles, and took 25% of the Model 3. It is pretty easy to get above \$42,000 with Model 3 options (e.g. long-range, all-wheel drive), so I made the assumption that relatively few are eligible.

If one takes these leaps of faith with me, then it works out that 53% of eligible vehicles are associated with a CHEAPR rebate. Of course, the CHEAPR restriction of only one rebate means that only first-time EV buyers can qualify. So it seems like the indicia are still pretty strong with respect to CHEAPR “driving” EV sales. If the rebate and MSRP cap were higher, CHEAPR could drive more EV sales.

If the chart at the top of the post is too dense to easily read, below is a chart with only the eligible and CHEAPR data points, and only the eligible makes.

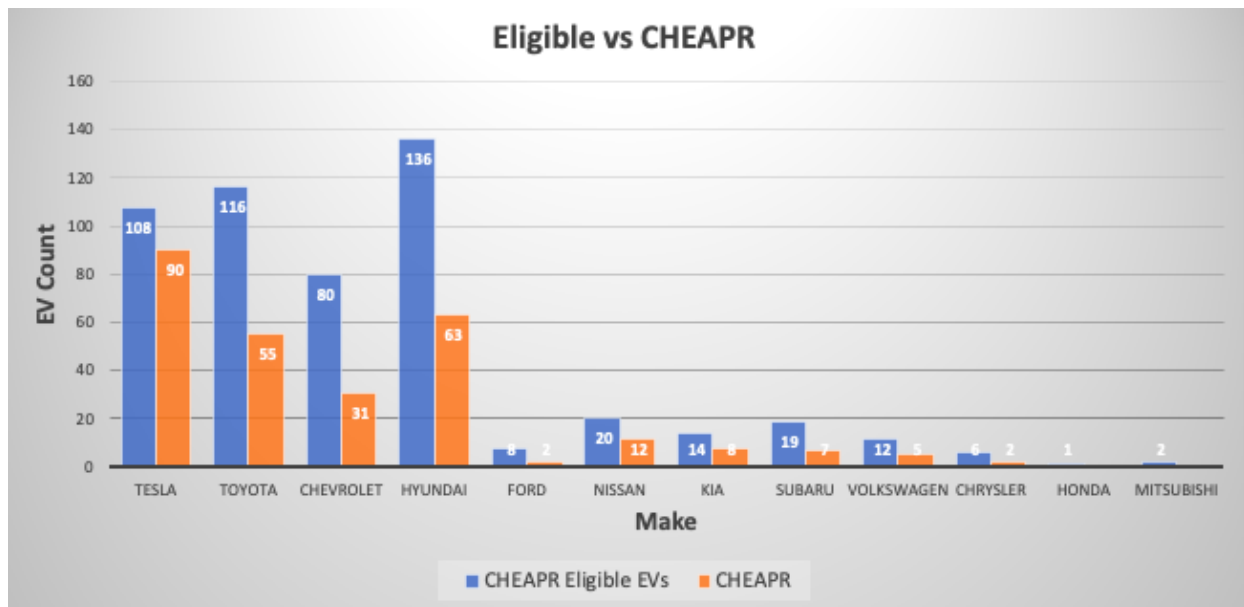


Chart by Barry Kresch

Where Should I Buy an EV?

Data from the Center for Sustainable Energy Helps Us Identify EV-friendly Dealers

We regularly field inquiries from club members and others asking for dealer recommendations. Usually, it follows a negative interaction with a dealership, when they walked in mistakenly thinking their inquiry about purchasing an EV would be well received. Not so fast!

It has been well documented, in the [NY Times](#), in 2 [Sierra Club shopper studies](#), and other reporting, that many dealers are indifferent or even hostile to EVs. But there are *some* dealerships that make an effort to sell EVs. To help guide consumers interested in non-Tesla EVs, we obtained from the

Center for Sustainable Energy (CSE), the consultant that manages the CHEAPR incentive program for the Department of Energy and Environmental Protection (DEEP), the number of rebates by dealership from the program's inception in 2015 through August 11, 2020.

I am using rebates as a rough proxy for sales/EV-friendliness. It's the best we can do. You won't find retailers of expensive vehicles, for example, a Jag or an Audi, on this list because the cost of the vehicles exceeds the MSRP eligibility cap. Consumers are eligible for one rebate lifetime, so repeat customers are not included. Some dealers may end up on our list in spite of themselves. But we can still use this directionally. Tesla is not included since it doesn't have dealers.

We are covering a 5+ year period and understand that EV models come and go. Some manufacturers got out of the gate quickly (Tesla, GM, Nissan), while others came later to the party. The Chevy Volt, once the most widely registered EV in the state, has been discontinued. A couple of years ago, Honda introduced a PHEV Clarity that generated a fair number of sales. Since then, it has greatly slowed, reportedly due to distribution having been curtailed. There have also been 5 changes made during this period made by DEEP to rebate size and the MSRP price cap that determines eligibility. Finally, some dealers have multiple stores that were not separated in this dataset.

One-Third of Dealerships have not Awarded a Single Rebate

There are 270 franchised auto dealerships, according to their trade association (Connecticut Automotive Retailers Association) in CT. 185 of them have made a sale or lease associated with one or more rebates. Less than half, specifically 104, have disbursed 10 or more rebates and only 28, or about 10%, have awarded 50 or more rebates. (The

denominator is somewhat inflated due to some dealers that don't retail eligible plug-ins.)

The Top EV Dealers

These are the 5 dealers that have awarded more than 100 rebates.

- **A-1 Toyota (New Haven)**
- **Honda of Westport (Westport)**
- **Richard Chevrolet (Cheshire)**
- **Karl Chevrolet (New Canaan)**
- **Lynch Toyota (Manchester)**

Below are other top dealers for different makes that had between 50 and 100 rebates. Some makes haven't had any dealer exceed 50 rebates.

GM – Ingersoll Auto (Danbury), O'Neill's Chevrolet/Buick (Avon), H&L Chevrolet (Darien), Maritime Chevrolet (Fairfield), Grossman Chevrolet/Nissan (Old Saybrook), Chevrolet of Milford (Milford), Partyka Chevrolet (Hamden).

Toyota – Hoffman Toyota (West Simsbury), New Country Toyota of Westport (Westport), Middletown Toyota (Middletown), Hartford Toyota Superstore (Hartford), Westbrook Toyota (Westbrook)

Ford – Steven's Ford (Milford), Stamford Ford/Lincoln (Stamford), Crowley Ford/Lincoln (Plainville)

Nissan – Grossman Chevrolet Nissan (Old Saybrook), Harte Nissan (West Haven), Crowley Nissan (Bristol)

BMW – BMW of Ridgefield (Ridgefield), BMW of Bridgeport (Bridgeport)

Finally, 2 stores that handle numerous brands:

Valenti Auto Sales (multiple locations) – Audi, VW, Porsche, Maserati, Fiat, Volvo, Alpha Romeo, Jaguar. (We presume most

of the rebates come from VW.)

MJ Sullivan Automotive Corner (New London) – Chevrolet, Buick, Cadillac, Hyundai, Genesis

It should be acknowledged that this is a changing landscape. We are relying on the past as prologue to predict EV-friendliness and we hope it proves useful. As the EV landscape evolves and new models are introduced, we will update the data to the extent that it is available. We anticipate it will be. Going forward, the CSE has advised they will be making more granular data available with their normal releases of CHEAPR data.

Used EVs and CHEAPR Incentives

The used car market, in general, is more than double that for new vehicles. That does not appear to be the case for EVs to this point.

CHEAPR Likely to Implement Used EV Incentive in 2021

CHEAPR, the CT state EV purchase incentive program, is considering offering incentives for [purchases of used EVs](#). This incentive would be limited to lower and middle-income individuals/families. There are a number of changes being

considered by CHEAPR, but with respect to used EVs, the legislature specifically authorized this incentive, the proposal was well received by the board, and the public comments were favorable. It seems a lock to happen, though there are below the line development tasks that will cause it to not be available until next year.

What is the State of the Used EV Market

We don't have access to the data that would enable us to definitively answer this. But we have some information that may be useful for drawing inferences.

During the CHEAPR board meeting of July 17th, there was a presentation by the auto-dealership representatives on the board. They stated that there are few used EVs in the marketplace and the prices were low, creating an unvirtuous circle. They support the incentive and think that that it promises to sufficiently stimulate consumer demand so that dealers will be willing to bid more aggressively at auctions to augment the supply in the state.

The used EV incentive will differ from the new car incentive in that it will also apply to independent used car dealers. Used car dealers do not have to be affiliated with a manufacturer. A Google search for "used EVs for sale in CT" brought up a results page consisting of only independent dealers, mainly large ones like Carvana, Iseecars, and CarGurus. Those companies had both paid and organic listings on this first page of the search results. A search for "used Teslas for sale" brought up a largely similar set of sites, except that Tesla itself appeared, as it is in the business of retailing its own used vehicles. There is another company specializing in used Teslas called OnlyUsedTesla.com.

I suspect that the board members who represent the dealerships

are not factoring Tesla into their thinking. For them, EVs are still a niche product and many of the non-Tesla EVs in the used marketplace are the first generation (read: low range) models. (We may be at a point where this is beginning to change as later model EVs are now coming off-lease.) And the dealers, based on the search results and their own words, aren't making a serious effort to source and sell them. The fact that the independents are spending money on sponsored links indicates that there is at least a minimally viable business. Search is highly targeted and can yield a positive return on a small campaign.

Quantify Used EVs from the DMV File

To get some kind of quantification of used EVs relative to new, I went back to the file we recently got from the DMV of all registered EVs in the state as of July 1, just to get an idea of what was entering the market. My proxy for used EVs was vehicles added to the file between January and July with a model year earlier than 2019. This is a rough measure and is reflected in the chart at the top of the post. Each bar represents vehicles added to the file in the first half of the year sorted by make, with the orange portion being those that are categorized as used by our proxy measure. 22% of the EVs added to the file could be characterized as used based on this definition. 47% of the vehicles added are Tesla, but only 10% of those fit this definition of used.

- This, coupled with the information from the dealers, indicates a small used EV market at this point.
- Even though it is small, there is a used EV business.
- The fact that there is no franchise requirement begs the question of whether Tesla could sell used EVs in Milford (or elsewhere in the state) using the same rationale that led to their being able to lease. In the case of new vehicle leasing, customers still have to go out of state to pick up the vehicle. Would that be a

- requirement if they could sell used?
- The EV Club is supportive of a used CHEAPR EV incentive, but based on this information, along with the LMI restriction, we don't expect that it will be disbursing large sums in 2021.
 - It is important, as used and possibly other incentives, are incorporated into CHEAPR, that the stats page be updated to track them separately.

The CSE, DEEP's consultant for CHEAPR, has been sent back to model new scenarios and we will see what they forecast.