

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

- 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

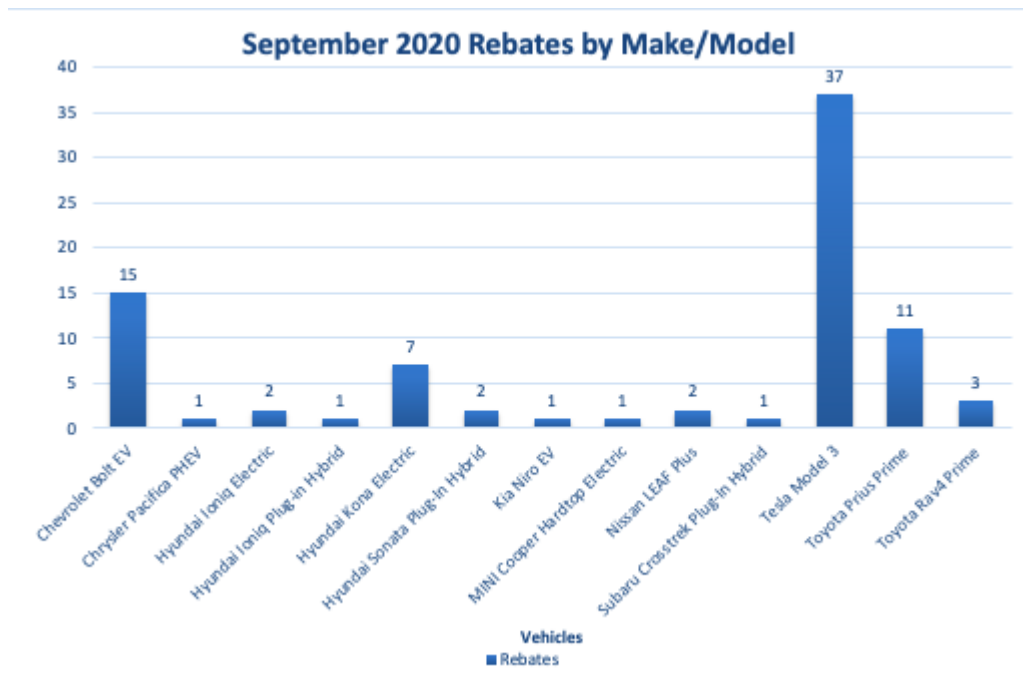
would be if TCI were to pass. The way things are now, color us skeptical. Your comments are welcome.

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).

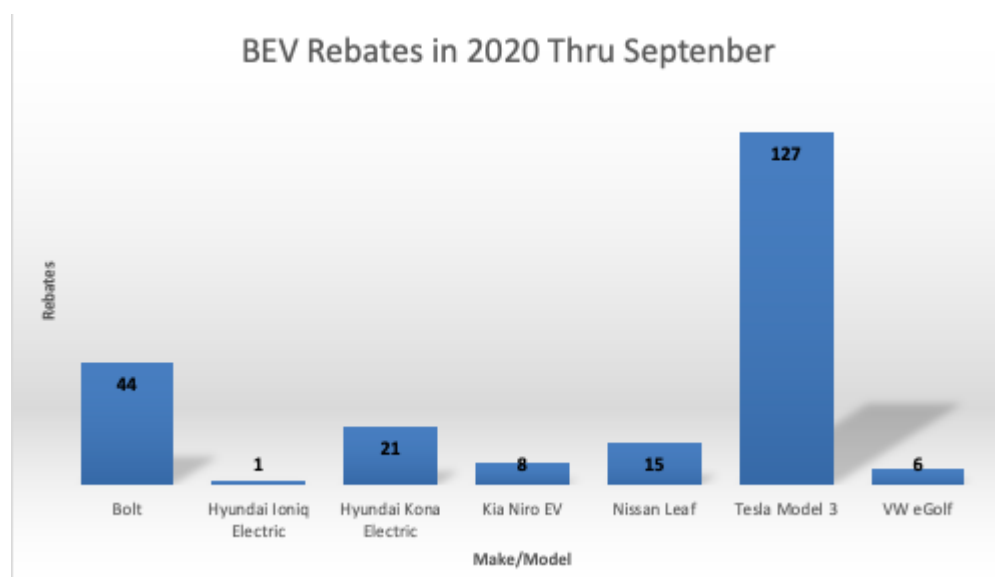
Pending Vote

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.

Electric Vehicle Coalition Open Letter to CT DEEP for Optimization of EV Deployment Roadmap

The CT Department of Energy and Environmental Protection is tasked with developing a “roadmap” to optimize EV deployment as part of the state’s commitment to greenhouse gas reduction and the multi-state ZEV Action Plan.

The EV Club of CT is on the steering committee of the CT Electric Vehicle Coalition (EVC). EVC has written the following letter to DEEP discussing the considerations that should be part of any such roadmap. (The members of the

EVC can be found at the end of the letter.)

December 20, 2018

Commissioner Rob Klee

Deputy Commissioner Mary Sotos

CT Department of Energy and Environmental Protection 79 Elm
St.

Hartford, CT

Dear Commissioner Klee and Deputy Commissioner Sotos:

The Connecticut Electric Vehicle Coalition (“the EV Coalition” or “EVC”) is a diverse group of clean energy advocates and businesses, organized labor, and environmental justice groups that support policies that will put more electric vehicles (“EVs”) on the road in Connecticut to achieve significant economic, public health, and climate benefits for our state. The Connecticut Electric Vehicle Coalition appreciates the efforts of the Department of Energy and Environmental Protection (DEEP) to “identify Connecticut-specific policies, programs, and strategies that the State of Connecticut should pursue to optimize deployment of EVs and associated infrastructure” through the development of an EV Roadmap. The Connecticut EV Coalition strongly supports the state creating a more strategic and ambitious strategy on zero emission vehicle (“ZEV”) deployment, one of several key strategies that will help the state tackle climate change (1), improve the public health and air quality (2), as well as create economic development opportunities for the state (3).

The EV Coalition recommends that DEEP approach the EV Roadmap by first identifying targets for vehicle electrification based

on the State's climate goals, focusing on the State's 2030 goal of reducing GHG emissions economy-wide 45 percent below 2001 levels (4). The Governor's Council on Climate Change's recently released draft report identifies the need to electrify 20 percent of the passenger vehicle fleet (500,000 vehicles), 30 percent of buses, light commercial trucks and refuse trucks, and 35 percent of single use short haul trucks by 2030 consistent with the State's legislated climate goal (5) which should guide the targets in the Roadmap. Once the vehicle goals are identified, the EV Coalition urges DEEP to model the associated charging needs (both public and private, Level 1, 2 and DC fast charging) for a realistic range of assumptions regarding future vehicle capabilities (e.g., ratios of plug-in hybrid electric vehicles to battery electric vehicles, distributions of battery ranges across the vehicle fleet, and availability of home charging). This analysis can be readily undertaken using the National Renewable Energy Laboratory's (NREL's) publicly available EVI-Pro Lite tool,⁶ which can produce a sensitivity analysis around the results by varying the input assumptions.

Finally, the EV Coalition urges DEEP to identify policies and strategies that can put Connecticut on the trajectory required to meet its 2030 vehicle electrification and charging infrastructure goals, while minimizing adverse impacts to the grid and maximizing the benefits of the new electric load. This strategy identification should include clarifying roles and responsibilities for the full range of stakeholders, including actions that need to be taken legislatively, those that can be taken administratively at the state level, actions that should be undertaken by the State's utilities, and those that should be pursued at the local level.

While the Draft Scope EV Roadmap identifies a number of key strategic areas and important considerations for accelerating deployment of ZEVs in Connecticut, which are discussed in greater detail below, for the Roadmap to truly be able to

guide decision-making around EVs in the coming years, we urge DEEP to embed it in the type of analysis regarding 2030 vehicle and charging infrastructure needs identified above. In developing the Roadmap, we also urge DEEP to be cognizant of equity impacts of its recommendations and focus on expanding not just opportunities for EV ownership but also access to the benefits of electrified transportation (e.g., through electrified shared-ride or ride-hailing services, through electrified transit bus options, etc.).

Accelerating ZEV Adoption

There are a range of barriers to EV adoption including vehicle purchase price, lack of consumer education and information, and range anxiety due to inadequate publicly-accessible charging infrastructure. The EV Coalition urges DEEP to address each of these barriers to EV adoption in the EV Roadmap and identify levers that the State can pull that will help to overcome them (7).

The EV Coalition supports specific recommendations and strategies around ZEV adoption, including addressing all the topics proposed by DEEP, and briefly comments on the following included in DEEP's list:

- Education, outreach, and marketing. The EVC agrees that DEEP should propose improved and coordinated education campaigns in the Roadmap.
- Public and private fleet strategies. The EVC supports public and private fleet strategies, and the establishment of state fleet EV deployment targets. Bulk purchases will help reduce purchase price. As noted in the GC3 draft report, the State must lead by example by quickly shifting all fleet vehicle purchases to electric. This will help bring down vehicle costs. The state can further increase the efficacy of this strategy by coordinating with other like-minded states and

municipalities to engage in bulk purchasing. Both California and Massachusetts have recognized the importance of aggressive state fleet EV mandates, and Connecticut should explore savings that could accrue from multi-state bulk purchasing programs (8).

- Sustainable funding in the form of incentives, financing, manufacturer partnerships, or other. The EVC supports the policy objective of ensuring a stable source of funding for CHEAPR at least through 2025 to ensure that all interested purchasers can take advantage of EVs. Incentives should be designed to equitably increase access to EVs by offering an income eligible program that offers bigger rebates and used-car rebates for customers in lower income brackets. The EVC also recommends that a board is established to oversee the rebate program, and to establish a process for setting and altering rebate levels, including low income rebates and eligibility, and program evaluation. This Board should set up structures for monitoring and evaluation of EV access to make sure all residents, especially those most impacted by air pollution, have access to both clean public transit and vehicles, as well as needed EVSE.
- Partnering with dealerships. EVC supports better partnerships with dealerships to increase their engagement of consumers interested in buying electric, for instance workshops and ride-and-drives sponsored by the State, dealership groups, and EV stakeholders, as well as trainings for dealerships that enhance electric car expertise and sales capabilities (9).
- Bringing clean transportation options to low-to-moderate-income communities. In addition to income eligible rebates, the Roadmap should focus on electrifying our public transit system, and could explore how the state can incentivize rideshare services to utilize ZEVS.

- Streamlining building codes and permitting. EV-ready building codes are critical to reducing the cost of equipping buildings with the charging equipment needed to support accelerated adoption of electric vehicles.
- Interoperability: The EVC believes that it should be easy for any charging station to be used by any driver accessed through any system. For any state-facilitated or ratepayer-supported programs, the EVC urges DEEP to consider strategies to maximize interoperability and consumer access.
- Data collection (EV registrations, charging station data, etc.) The EVC supports improving the state's data collection and monitoring regarding both EV registrations and charging stations, while maintaining consumer privacy.

In addition to the above topics, the EV Roadmap should address increasing Connecticut consumers' access to EVs. The EVC supports allowing direct EV sales to consumers or other alternative business models. Allowing direct sales would increase the availability of additional EV models, grow public awareness of EVs generally, and encourage build-out of public and private charging infrastructure.

Creating a Robust Fueling Infrastructure

There are also important barriers to deployment of EV charging infrastructure that will be necessary for EV adoption, such as the challenge that demand charges pose to the business case for direct current fast chargers at low levels of EV penetration. The EV Coalition supports the EV Roadmap's inclusion of strategic charging infrastructure planning, including how the state should approach the EVSE Infrastructure Proposals under VW NOx Mitigation Grant and

more broadly looking at public-private partnerships for public, residential and workplace charging. We have previously urged the state to move forward as quickly as possible to take advantage of and begin benefiting from settlement funds available to expand Connecticut's EV charging infrastructure and make other critical advancements toward electrifying our transportation sector (10).

The Roadmap could address utility's role in building out Connecticut's charging infrastructure, but only to the extent that incorporating this topic would not slow down recommendations and progress made through PURA's grid modernization docket. Utility investment in make-ready infrastructure, for example, can complement the competitive market, address coordination problems, and help to overcome barriers to entry in important market segments, including low-income communities and multi-family housing.

In addition, the EV Roadmap can help direct a discussion about how to overcome the barrier that demand charges pose to build-out of DC fast charging infrastructure. Many approaches are being tested around the country including demand charge holidays, off-bill rebates, and rate structures that shift some portion of the demand charge into the volumetric charge. In Connecticut, Eversource has been testing this latter option through the EV Rate Ride pilot, which has saved publicly available charging station owners thousands of dollars annually (11). Another example is Pacific Gas & Electric's recent proposal to replace demand charges with a lower rate based on the installed capacity to which a charging customer is willing to subscribe, subject to a significant overage charge, as well as a time of use component.¹² Any EV rate design reforms should be structured to be consistent with the state's goals of grid modernization and improved integration of distributed energy resources (DER), including solutions that retain compatible price signals for multiple and different types of DER-like storage.

Smart, Standards-Based EV Integration & Consumer Market Signals

The EVC supports DEEP's plans to identify strategies that will minimize adverse impacts and maximize benefits of new electric load, including encouraging off-peak charging and utilizing ZEVs as a demand response resource. Smart integration of EVs into the grid can help maximize GHG emissions reductions by optimizing grid utilization. Through appropriate customer signals (e.g. time-of-use rates or off-peak charging incentives), the flexible load of EVs can better integrate renewable resources or shift load by charging at periods of low demand. These changes improve the efficiency of the grid and reduce costs for all ratepayers, while at the same time improving the economics of operating an EV. In seeking to manage EV load, there must be careful consideration of customer experience and choice to assure that the steps taken to shape the load curve from EV charging do not inadvertently deter EV adoption or disincentivize the deployment of EVSE at a wide range of appropriate locations. Because these issues are being explored in the current grid modernization before PURA,¹³ the EV Roadmap should only address them if timing aligns.

ZEV's Beyond Light-Duty Vehicles

The EVC supports the EV Roadmap including the evaluation of deployment opportunities for medium and heavy-duty vehicle and non-road electrification. It is especially important for the state to address zero-emission buses and electrified public transit options to promote equitable access to clean transportation. The roadmap should therefore focus on addressing additional policy levers needed to electrify our transit buses as quickly as possible. Specifically, DEEP

should look at how the state can better leverage VW settlement funds to accelerate the deployment of electric transit buses and electric school buses. The first round of funding resulted in a disappointing number of proposals around electrification. DEEP should look at how other states have used the diesel mitigation funds to support electrification, and potentially revise the mitigation plan and future project solicitation guidelines to better support and encourage electric vehicle investments, including for public and private buses.

1 EVs have zero tailpipe emissions, and even with New England's electricity mix today, these vehicles cut GHG emissions as much as 75% compared to conventional vehicles. These emissions savings will only increase as the region continues to clean and modernize the electric system, and move toward a 100% renewable future. See Acadia Center, Energy Vision 2030, available here: <http://2030.acadiacenter.org/>

2 American Lung Association, Clean Air Future: Health and Climate Benefits of Zero Emission Vehicles (Oct. 2016), available

at <http://www.lung.org/local-content/california/documents/2016zeroemissions.pdf>.

See also <http://www.lung.org/local-content/california/documents/national-clean-air-future-report.pdf>.

3 A study of economic impacts of EV deployment in California, for example, showed that ZEVs are a catalyst for growth. In California alone, the ZEV market will create 100,000 additional jobs across all economic sectors by 2030. See David Roland-Holst, University of California Berkeley, Plug-in Electric Vehicle Deployment in California, An Economic Assessment (Sept. 2012), available at https://are.berkeley.edu/~dwrh/CERES_Web/Docs/ETC_PEV_RH_Final120920.pdf. Similar modeling should be done in Connecticut.

4 Public Act 18-82.

5 Governor's Council on Climate Change, Building a Low Carbon Future for Connecticut: Achieving a 45% GHG Reduction by 2030 (released Dec. 18, 2018), at 28, available at https://www.ct.gov/deep/lib/deep/climatechange/publications/building_a_low_carbon_future_for_ct_gc3_recommendations.pdf.

6 EVI-Pro-Lite is available through the Alternative Fuels Data Center at <https://afdc.energy.gov/evi-pro-lite>.

7 See CT EV Coalition Comments on Draft CES dated September 19, 2017.

8 See Commission on Future of Transportation in Massachusetts, Choices for Stewardship: Recommendations to Meet the Transportation Future, available at https://www.mass.gov/files/documents/2018/12/14/FOTCVolume1_1.pdf. See also Hiroko Tabuchi, The New York Times, California Requires New City Buses to Be Electric by 2020, Dec.12, 2018, available at <https://www.nytimes.com/2018/12/14/climate/california-electric-buses.html>.

9 See e.g., PlugInAmerica, Plug Star Dealer Program, <https://pluginamerica.org/plugstar/dealership/>.

10 See EVC Letter to Governor Malloy dated November 1, 2017.

11 CT's own EV Rate Rider is a good example of how rate design can support EV deployment. PURA Docket No.13- 12-11, [http://www.dpuc.state.ct.us/dockhistpost2000.nsf/8e6fc37a54110e3e852576190052b64d/46cfb43aff01dbd28525829c00736078/\\$FILE/Att%201-3%20Electric%20Vehicle%20Pilot%20Filing.pdf](http://www.dpuc.state.ct.us/dockhistpost2000.nsf/8e6fc37a54110e3e852576190052b64d/46cfb43aff01dbd28525829c00736078/$FILE/Att%201-3%20Electric%20Vehicle%20Pilot%20Filing.pdf).

12 PG&E Proposes to Establish New Commercial Electric Vehicle Rate Class, Nov. 5, 2018, https://www.pge.com/en/about/newsroom/newsdetails/index.page?title=20181105_pge_proposes_to_establish_new_commercial_electric_vehicle_rate_class. See also Robert Walton, Utility Dive, PG&

EMimicsSmartPhoneDataPlanswithEVChargingRateProposal,Nov.9,2018,<https://www.utilitydive.com/news/pge-proposes-new-rate-class-for-commercial-ev-charging/541799/>.

13 SeePURADocketNo.17-12-03: PURA Investigation into Distribution System Planning of the Electric Distribution Companies, Connecticut Electric Vehicle Coalition Joint Principles on Grid Modernization and Electric Vehicles,Sept. 26,2018.

* * *

We look forward to engaging with DEEP on these important topics.

Respectfully submitted,

The Connecticut Electric Vehicle Coalition

- AcadiaCenter*†
- Connecticut Fund for the Environment*†
- Connecticut Nurses Association
- Connecticut Roundtable on Climate & Jobs*
- Connecticut Citizen Action Group
- ConnPIRG
- Conservation Law Foundation
- ChargePoint*
- Chispa-CT*
- Clean Water Action*
- CT League of Conservation Voters
- CT350
- Drive Electric Cars New England

- Eastern CT GreenAction
- Electric Vehicle Club of Connecticut*
- Energy Solutions, LLC
- Environment Connecticut*
- Greater New Haven Clean Cities Coalition, Inc.
- Hamden Land ConservationTrust
- Hartford Climate Stewardship Council
- International Brotherhood of Electrical Workers*
- Interreligious Eco-Justice Network
- New Haven Climate Movement
- Northeast Clean Energy Council
- People's Action for CleanEnergy
- Proton OnSite
- Plug In America*
- RENEW Northeast
- Sierra Club*†
- Solar Connecticut, Inc.
- Tesla, Inc.
- Union of Concerned Scientists

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