It’s January 2023 – Do You Know Where Your EV Incentives Are?

Inflation Reduction Act Incentives Officially Begin – But Which Cars Qualify?

It is anticipated that consumer confusion will ensue with the advent of the new incentives. Not only have they become a lot more complicated, but many manufacturers have yet to finish the registration process that certifies vehicles. Also, the IRS, which was handed the Herculean task of crafting all of the implementation rule-making in the span of about 4 months, unsurprisingly, is not yet finished. The Department of the Treasury has announced a 3 month delay. This most particularly affects the rules concerning batteries. The incentive provisions are, therefore, being phased in.

No More Manufacturer Cap

The manufacturer unit sales cap is now gone. That means that Tesla and General Motors are no longer excluded on that basis. Toyota, Ford, Nissan, and Hyundai/Kia had also either surpassed or were close to reaching the 200,000 unit threshold, which will now not apply to them either. (Toyota and Hyundai/Kia are presently disqualified due to final assembly not occurring in North America.)

Delay in Battery Rules Means 3 Months Without Them

The biggest challenge for the automakers will be to source the required percentage of critical minerals, either domestically or from countries with whom we have a free trade agreement. A somewhat lesser challenge will be to have battery assembly located in North America. But for this 3-month window before the rules are complete, they simply don't apply. **This is, in effect, Treasury's "Buy Now" sale!** Incentives for most BEVs will almost certainly decline when the new provisions get implemented as this degree of supply-chain reorganization will take some time, but for now, enjoy the full $7500 incentive. **Note:** The buyer must be in possession of the vehicle prior to the implementation of the new battery rules to take advantage of the full incentive if the new rules would cause the vehicle to lose all or some of it.

Absent the new battery rules, PHEVs are subject to the battery pack size rules that existed before the IRA. When the new rules kick in, PHEVs will be eligible for the same incentives as BEVs.

Which Cars Are Eligible?

Good question, and not exactly straightforward. This is the page on the IRS website that lists the manufacturers and specific vehicles. A number of manufacturers, namely Kia, Mazda, Mercedes, and Subaru are listed as having entered into an agreement to become a "qualified manufacturer," but have not submitted specific vehicles. Other manufacturers are missing from the page altogether. Specific vehicle models are listed for Audi, Ford, GM, Nissan, Rivian, Stellantis, Tesla, Volkswagen, and Volvo. For the vehicle models that are listed, eligibility is not guaranteed (see MSRP cap below). The IRS advises this page will be updated on an ongoing basis.

MSRP Cap

Treasury is defining MSRP as the manufacturer's suggested retail price, including options, accessories, and trim (but not destination charges). This may be different than what you pay for the vehicle. For example, if a dealer either discounts or surcharges the price, it is still the price as suggested by the manufacturer that rules.

How a vehicle is classified with respect to body type determines which MSRP cap applies. Vans, SUVs, and pickups have an $80,000 cap. All other vehicles have a $55,000 cap. And it looks like the IRS is being persnickety about this classification insofar as crossovers, which in the marketplace are direct competitors to SUVs, are not classified as SUVs and are subject to the lower cap. Some examples are the Ford Mustang Mach-E, the 5-seat version of the Tesla Model Y (the 7-seat version *is* classified as an SUV), all of the non-AWD versions of the VW ID.4. It doesn't make a lot of sense to me either. Unfortunately, we foresaw this problem and included it as part of our comments to the IRS. It is a sneaky thing that ends up overweighting the incentives toward PHEVs.

Just because a vehicle is listed on the IRS web page does not mean that there is a trim level that falls under the cap. The cheapest Tesla Model Y, for example, is $65,990 (long range, non-performance, 5-seat configuration), obviously more than the $55,000 cap.

Other rules

Personal income rules are in effect – $300K for joint filers, $225K for head of house, $150K for a single filer. You can use current (purchase) year or prior year income to make this determination.

The incentive is in the form of a tax credit for when you file

your 2023 taxes. The transfer option doesn't take effect until 2024. Yes, you can use a tax credit if you use the standard deduction. The credit is good insofar as you have the tax liability to burn it off. To the extent the credit isn't used, it goes away – no carry forward. Leasing the vehicle is a way to utilize the credit if you don't have the tax liability.

The used EV incentive is now in effect.

North American final assembly rules have been in effect since the legislation was signed by President Biden on August 16th. The Department of Energy has a VIN decoder on this page, which you can use to make sure. Unfortunately, a VIN is not available until late in the sales cycle if you custom order, though it is available for a car on the lot.

The seller is required to send to the IRS the vehicle VIN and the purchaser's tax ID. The purchaser is required to include the VIN when filing for the credit.

For a more complete description of how the new incentives work, please see our incentives page.

Note: All incentive advice is to the best of our knowledge and cannot be guaranteed. Also, IRS rule-making may subsequently change things.

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.

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_3fImyGBzT4yzOzrxe-x5Lg

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.

January 2021 CHEAPR Data Released

CHEAPR Rebates Continue at Low Rate

January has generally been a slow month in our tracking of EV purchase incentives, and it continues in the same vein with 68 rebates, per the latest data release from DEEP. The arrow on the above chart indicates when the program parameters were last changed.

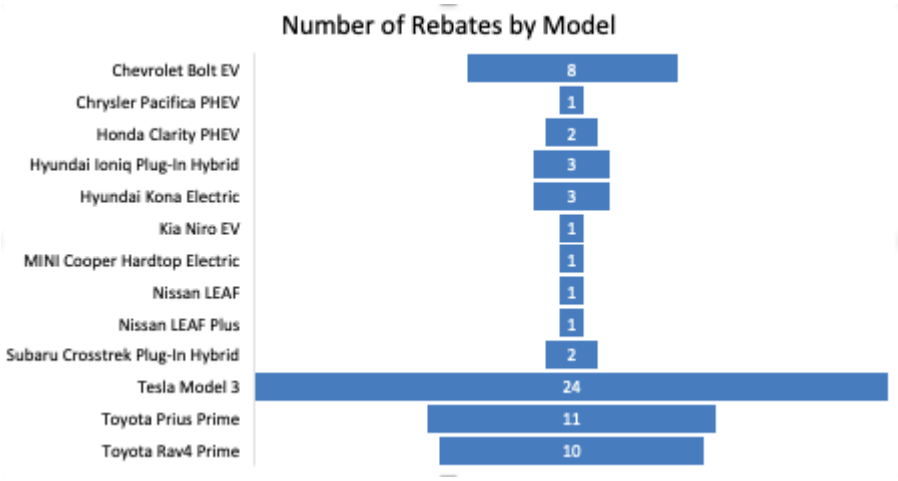
With only the base trim level Tesla Model 3 eligible, it nonetheless had the highest number of rebates with 24. This was followed by the Toyota Prius Prime at 11 and the Toyota

RAV4 Prime with 10. These were the only vehicles in double digits.

The Reappearing Honda Clarity?

There were 2 rebates for the Honda Clarity, a PHEV that was introduced in 2018 and sold fairly well out of the gate, but which had disappeared off the charts, reportedly due to Honda no longer bringing the car into the state. Net registrations for this model have been declining for the past two years as vehicles are sold or have leases expire and new ones don't replace them. We had a member send us a copy of his correspondence with a Honda dealer who said that they could not get one for him and suggested buying an Accord (conventional) hybrid instead. Recently, we were alerted by a social media post that this may be changing, so perhaps this is an early indicator.

All January rebates for each model are listed below:



UPDATE: We corresponded with Honda of Westport and it seems the car is indeed returning, backed with a renewed push from Honda.

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, EUVs, 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.

CHEAPR Rebates Continue at Slow Pace – May Update

CHEAPR Rebates Continue to Crawl – Revised Guidelines Needed

UPDATE: CHEAPR Board Meeting Scheduled for July 17th.

CHEAPR recently published updated stats through May 30. The recent trend continues. May rebates totaled 25. The breakdown is 14 BEV, 11 PHEV, and 0 Fuel Cell.

With the publication of the May dataset, CHEAPR restated its data for April. For those who saw the blog post regarding the April data, the 13 rebates have been revised to 17. It is not unusual that minor adjustments are made a little after the fact.

CHEAPR has been pacing severely under budget as defined by total rebate dollars awarded relative to a straight line

pacing of the $3MM annual budget (i.e. $250K monthly). Any month where rebates are under $250K will cause this underage to widen. The amount rebated in May was $26,500 and the expended funds are now 81% under the pace number.

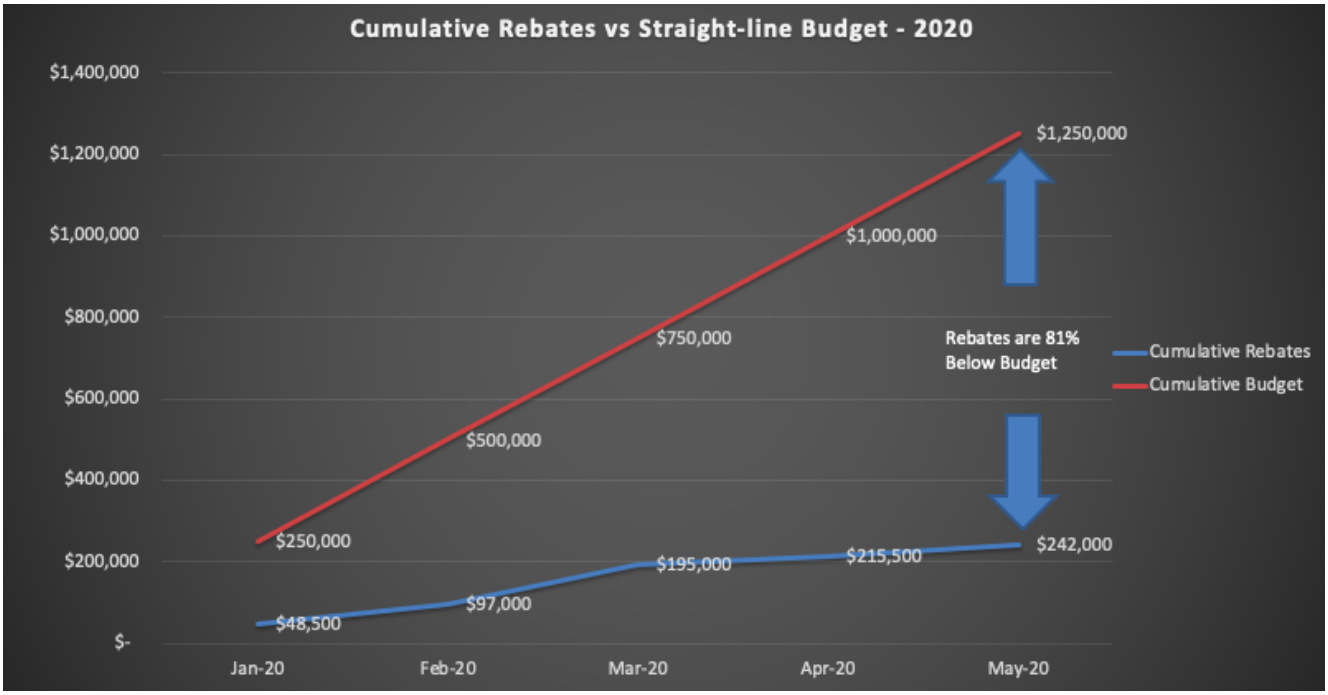


Chart: Barry Kresch

The most rebated vehicles were the Tesla Model 3 with 8 rebates and the Toyota Prius Prime, also with 8 rebates.

CHEAPR publishes stats on its website and makes an Excel download available, which is what we work from. There are two date columns and we use the application submission date rather than the sale date as that is what CHEAPR bases its own reporting on.

We have reached out to CHEAPR to request the names of the dealers associated with each rebate (for non-Teslas, obviously). Our request has been “escalated to management.” It is common for our club to get asked for dealer recommendations by people in the market for an EV. By the time they contact us, they have usually already visited one or two dealers and it wasn’t a pleasant experience. We have names of some dealerships that have been recommended by members, but this

would be hard data and we think it will help, especially in areas of the state where we don't have a lot of members. We also understand its limitations and will act accordingly. Dealership-level info is published in some other states, NY for example.

The CHEAPR board is supposed to meet in July. We have not heard about a confirmed date. According to the website, the program will have some revisions for 2020 and we eagerly await to hear what they are. We feel the current structure is not working and have offered our input, which has been described in prior blog posts, such as this recent post from June 1.

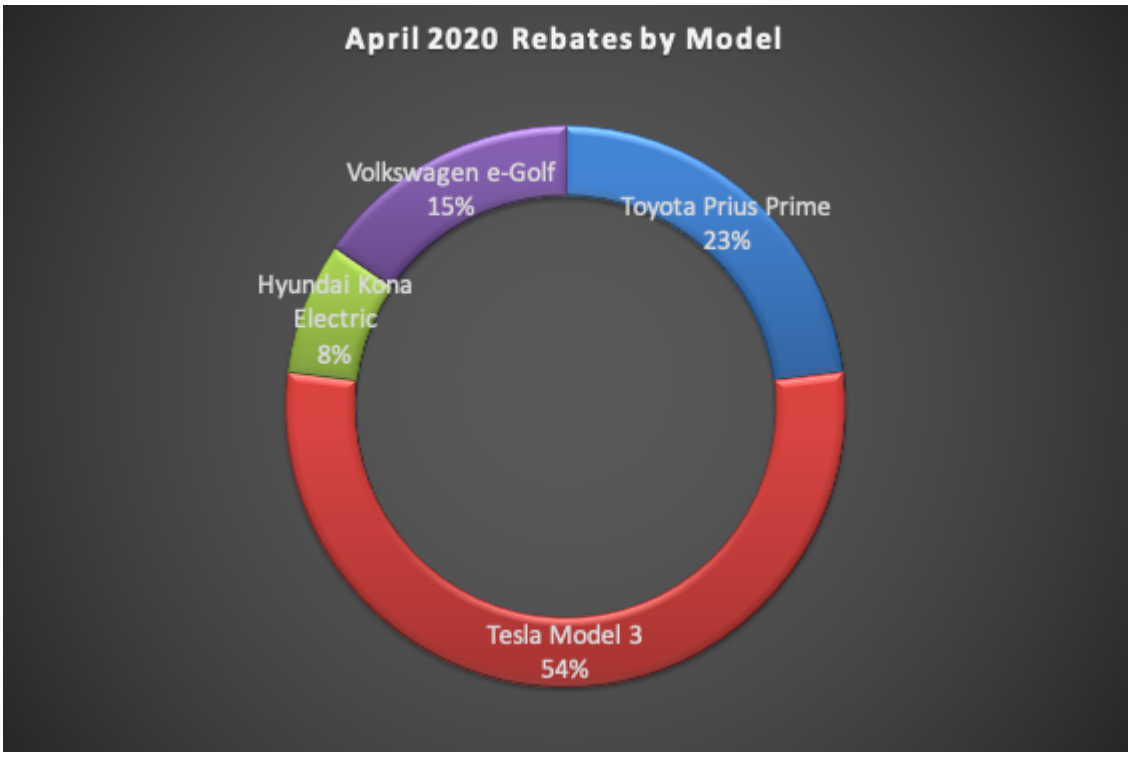
What if They Gave a Rebate and Nobody Came

Rebates at Lowest Level Ever

The lowest number of monthly rebates since its inception has been awarded by CHEAPR in April 2020, a not so grand total of 13, down from 90 in March.

There is almost no public reporting anymore of monthly new vehicle sales, but we know the automotive sector rapidly plunged in the latter half of March, which was felt over the duration of April. There have been some reports of a modest uptick in May.

Following the counter-intuitive increase in rebates in March (relative to Jan. and Feb.), when the rest of the world was collapsing, this is probably more in line with what will be



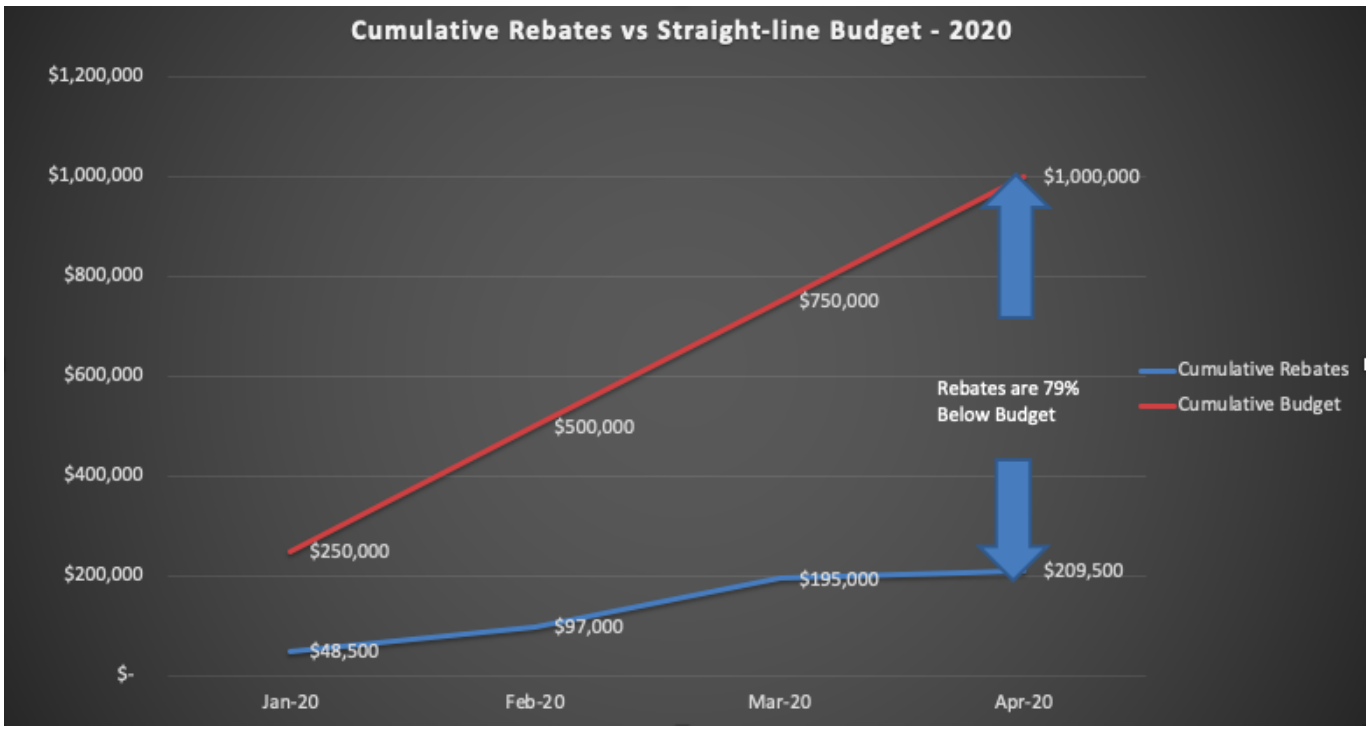
Tesla so dominates the EV market, as well as being the only manufacturer to post a sizable YOY sales increase in Q1, that how many Model 3s are rebate eligible is mostly what determines where the trend goes. It is also possible that some Model 3 supply disruption due to the temporary closure of the Fremont plant is part of the reason, as well. The Model 3 accounted for 54% of April rebates, which translates to all of 7. General Motors has been heavily discounting the Chevy Bolt, but there were no Bolt rebates in April.

CHEAPR Way Under Budget

This blog has been critical of the drastic restrictions imposed on rebate parameters in October 2019. DEEP told us at the Tesla Leasing Event in February that they were concerned that funds would run dry. That was a 3-month problem (Oct – Dec. 2019) until the new funding started, but the new CHEAPR board has yet to course-correct, despite pacing hugely under budget.

The CHEAPR budget is $3 million annually and there are no rules about how it is supposed to pace. There are good reasons for carefully managing the budget. Temporary funding disruptions are, well, disruptive. However, if we look at the

budget on a straight-line cumulative basis and compare it to the dollar amount issued for rebates, by that definition it is pacing 79% below budget.



There is also the consideration of a forthcoming rebate for used EVs. To this point, there has been no announcement, and we are doubtful there will be one anytime soon because the Roadmap recommends that an outside contractor be engaged to design and implement it, meaning this presumably hasn't happened yet. We also expect that an incentive for a used EV will be lower than for a new vehicle, and will include an income cap, as well as a lower MSRP cap. We don't see this as a budget-buster.

EV Roadmap and CHEAPR

The subject of purchase incentives is accorded 15 pages in the EV Roadmap and it traces the origins and thinking about the program. It is still true today, as it was in 2015 when CHEAPR was begun, that while battery prices are on a downward trajectory, EVs have not yet reached cost-parity with ICE vehicles. Cited in the Roadmap is a stat from the Multi-State

ZEV Action Plan that there was an average purchase price difference of greater than $10,000 between comparable EV and ICE vehicles in 2016. While EVs cost less to run and maintain, this headline price difference is a real barrier.

I have to say that it was a surprise to learn from the Roadmap that until 2020, CHEAPR was a pilot. For 5 years. Well, okay. With the legislation that was passed last year, it is now reconstituted with an independent board that remains situated in DEEP for administrative purposes.

Something that *has* changed is that two manufacturers, Tesla and General Motors, have exceeded the unit sales threshold for the federal EV tax credit and have passed beyond the phase-out period. There is no federal incentive for vehicles from these two manufacturers. The Roadmap cites projections from EVAdoption that indicate the next automaker to cross the sales threshold will be Nissan in the latter half of 2021. (This projection predates the COVID-19 crisis.) Attempts in Congress to modify the program and raise the threshold have not met with success. In this context, CHEAPR assumes a larger role.

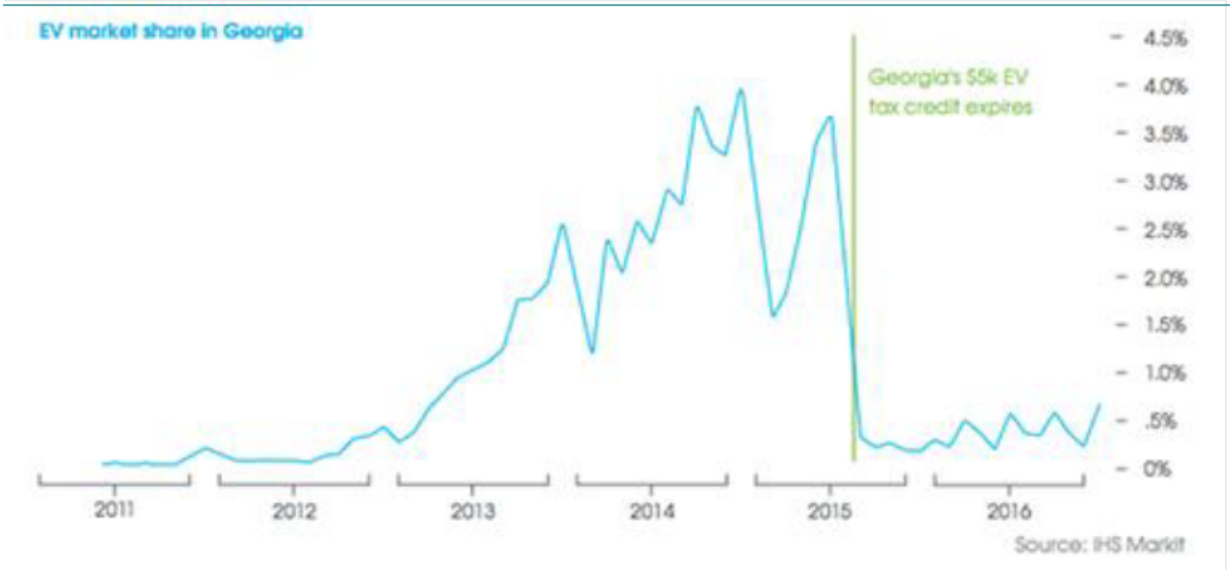
Value of Purchase Incentives

The EV Club of CT is a supporter of CHEAPR and available data indicate that incentives matter. CHEAPR has handed out 5,984 rebates through April 30, 2020. Given that there were 11,677 EVs registered in the state as of Jan 1, 2020, the program looks to have played a meaningful role. Survey-research of rebate recipients reports that over 80% of respondents cite the incentive as being either extremely or very important to their decision to acquire an EV.

The Roadmap cites experiences of similar programs in other states. One of them is Georgia, which has been cited previously in this blog, as a dramatic example of a “light switch test.” When Georgia lawmakers rescinded a generous tax credit of $5,000 and added an annual EV fee, sales fell off a

cliff. This is a graphical representation of what happened that was published on page 89 of the Roadmap.

Figure 19: Effect of the Georgia state EV tax credit repeal on Georgia's EV adoption rates



Rebate Parameters

There are several variables that go into how much of a rebate if any, a given EV purchaser qualifies for, which we are calling rebate parameters (and which DEEP refers to as "bins).

- Available funding
- Rebate size and tiers
- MSRP cap
- Future consideration of a rebate for used EVs, along with a likely income cap.
- One rebate lifetime per licensed driver

Rebates are offered for battery electric vehicles (BEV), Plug-in Hybrid Electric Vehicles (PHEV), and Fuel-Cell Electric Vehicles (FCEV). Rebate parameters have changed several times since the program began. The size of the rebate was originally pegged to the size of the battery pack but was modified in 2017 to be based on EPA-rated electric range. Battery pack size is not directly indicative of the range, so this approach makes sense. Also, over time, there are changes in technology (substantially longer ranges) and other aspects of the

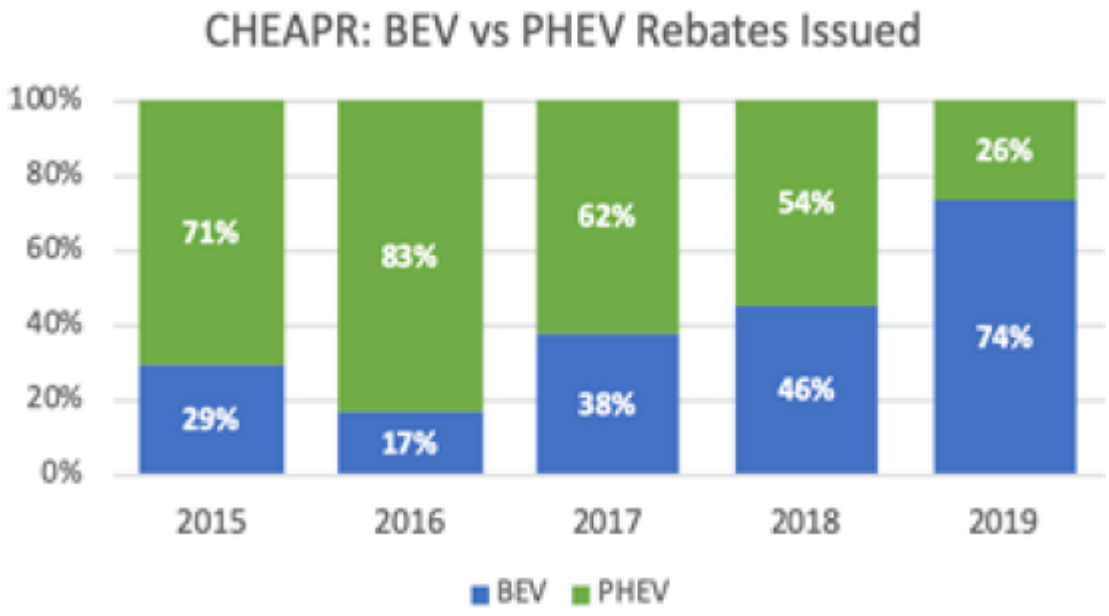
environment that gradually, but consistently, evolve.

The MSRP cap initially was $60,000. It was changed to $50,000 in October of 2018 and then to $42,000 where it currently stands. Rebate tiers are currently $5000 for any FCEV, $1500 for a BEV with a range of at least 200 miles, $500 for a BEV with a range of fewer than 200 miles, and $500 for any PHEV.

The number of rebates awarded has declined significantly since the October change and it is obviously because the lower level now excludes almost all trim levels of the Model 3. This blog has discussed this previously on April 2nd and in earlier posts.

We also noted that the lowering of the MSRP caused a shift in the mix of rebates toward PHEVs, which we discussed here. (April is the low-volume exception.) But you wouldn't know this from the Roadmap, which on page 83, contains this exhibit of rebates by fuel-type.

Figure 15: Rebate percentages by vehicle type over time



The footnote indicates that the rebate data had been updated through July 26, 2019, in other words, before the changes were made. It seems clear that lowering the MSRP cap was counter-

productive, both from the perspective of consumers being able to use the rebate along with making the funds less efficient in terms of zero-emission miles subsidized. The market in general is trending toward BEVs which may eventually change things. But we strongly feel that the MSRP should be raised to at least $50,000 (same as MA) or higher (NJ is $55,000 and NY is $60,000). The rebate levels could be left in place while the run-rate is evaluated with the higher MSRP, whatever modeling has been done for used EVs, and projections for when this depressed market normalizes. We are not aware of the law allowing unused funds from one year to be carried forward.

Dealer Incentive

A headline that appeared over a NY Times story in 2015 read, “A Car Dealers Won’t Sell: It’s Electric.” The unwillingness of many dealers to sell EVs has been a persistent bottleneck. So the idea that DEEP included in the original CHEAPR formulation a $300 incentive that would go to the dealership for each EV sold seemed a worthwhile experiment. It may sound slightly farcical to pay a business that is in the business of selling cars to sell cars, but if that is what it takes to seed change, so be it.

The incentive was subsequently lowered from $300 to $150. In the Roadmap, DEEP openly questions whether it is worth it and whether the funds would be better allocated to consumers to stretch what is a modest budget when compared to incentives in other states. (For example, the New Jersey per capita funding is 50% higher.) DEEP also found that the majority of the incentives were kept by the dealership, i.e. not given to the salespeople, which was kind of the basic idea.

This was underscored by two EV Shopper Studies done by the Sierra Club in 2016 and 2019. In the latter study, it was found that 74% of dealers did not have a single EV on the lot. The study did not report out CT separately (only CA had sufficient sample size for that) but in the 2019 study, there

were no local dealers among those visited in the research that scored the highest rating. Our EV Club does know of some dealerships that do a good job with EVs and we appreciate them. We just wish they were the norm and not the exception.

VW Works Around Its Dealers in Germany

The most interesting recent development is from VW in Germany. They have announced that VW corporate will take responsibility for selling EVs and the dealers will only act as agents. Dealers will arrange test drives and deliver the car, but will not otherwise be part of the sales process. They will receive a fee for each vehicle they deliver and they will not have to buy the car. This last part is particularly interesting because it eliminates the risk of having to carry the cost of financing the vehicle if it is a slow-seller. It is the closest one can come to direct sales while still maintaining the franchise sales model and implicitly acknowledges its limitations. Here is a more detailed description published in ChargedEVs.

Dealer Recognition Program

Instead of the dealership financial incentive, we endorse DEEP's proposal to work with the CT Auto Retailers Association (CARA) and create a dealer recognition program. If this is promoted to the consumer, it could serve to avoid some of the negative feedback loop that currently exists. We encourage that care is taken in giving this award so it isn't vaporware. EV Club of CT works with the Sierra Club to conduct its EV Shopper Studies and our feedback to them will be to separately track visits to dealerships that are recognized in this way to see if their actions match the certification.

Fuel-Cell Electric Vehicle Incentive

CHEAPR has included FCEVs in its incentive plan from the beginning when incentives were set at $3,000. In July of 2016,

the FCEV incentive was raised to $5,000. And when the MSRP cap was lowered to $42,000 for EVs, it was raised to $60,000 for FCEVs (they're more expensive).

There have been exactly zero of these incentives awarded and there is a total of 3 FCEVs registered in the state. There is only 1 public hydrogen refueling station in CT.

FCEVs were dropped from the federal tax credit in 2017.

The rationale in the Roadmap is to support all promising new technologies and DEEP recommends continuing these levels for FCEVs for the duration of the current funding, which is through 2025. Their goals are modest: 591 FCEVs in the fleet and 6 or 7 refueling stations in the state by 2025. Keep in mind that a hydrogen refueling infrastructure has to be built from scratch. The other rationale that we have heard is that FCEVs have a longer range (and a short refueling time if you can find a place to fill up). The range part of that used to be the case, but now the longer-range BEVs have a similar range as FCEVs and higher mpg-e. Certainly, the differential in incentive can no longer be justified by range alone.

This blog is not against FCEVs, which are zero-emission vehicles. We do feel that DEEP/CHEAPR over-emphasizes them and, at times, uses them to represent CHEAPR in an intellectually dishonest way. At the Tesla Leasing Event in February, the DEEP spokesperson said that the CHEAPR program offers rebates of up to $5,000. It may be a convenient headline, but it is only true in the narrowest technical sense. For all practical purposes, the max rebate is currently $1500. And almost no Tesla qualifies for even that.

This is a link to the Roadmap. DEEP recommendations for CHEAPR are on page 92. We won't repeat them here.

As we have made clear, these are our priorities:

- Raise the MSRP cap.

- Move quickly to implement an incentive for used EVs.
- Raise rebate levels, funds permitting.
- Eliminate the dealer incentive and re-purpose those funds for consumers.
- Develop guidelines for a dealer recognition program, which hopefully includes some input from consumers.
- Publish rebate data at the dealership level as they do in New York. Arguably, that alone is a dealer recognition program.
- Make e-bikes eligible for incentives under CHEAPR.

And, finally, one area where we are in agreement with the Roadmap, is to look to the future and the potential for leveraging incentives by partnering with utilities, as part of TCI, and with the manufacturers.

CHEAPR Replenishment

CHEAPR Update

Connecticut Hydrogen and Electric Automobile Purchase Rebate, in case you were wondering, is what the acronym stands for. CHEAPR has been with us for a while now. It was passed in 2015 and has handed out 5267 rebates (through August 31), totaling over $10 million for the purchase of fuel-efficient EVs. (There were 10,797 EVs registered in the state as of July 1, so it sure seems like it has been a factor.)

If you go on the program's website today (Oct. 1), it indicates that there is only $60,958 in remaining funds. But HB 7205, passed in the 2019 legislative session, authorizes a replenishment due to take effect today, which will hopefully

be reflected soon, and which funds the program through 2025.

Keep in mind, CHEAPR is a rebate. It is not a tax-credit like the Federal incentive, and there are no manufacturer sales caps. The rebate is more consumer-friendly in our view.

Current Incentive Levels

CHEAPR standards have changed over time. The basic idea of the rebate size being driven by zero-emissions range is still present, but as cars have changed, so have the criteria. This is the current incentive breakdown:

Incentive Amount	EPA Rated Electric Range
$5,000	Any fuel cell electric vehicle
$2,000	BEV: 200 Miles or Greater
$1,500	BEV: 120-199 Miles
$1,000	PHEV: 45 Miles or Greater
$500	BEV: Less 120 Miles PHEV: Less than 45 Miles

As the chart indicates, incentives are available for plug-in hybrid vehicles (PHEV), battery electric vehicles (BEV), and fuel-cell electric vehicles (FCEV). The implication is that FCEVs have much greater range than a BEV. That isn't entirely the case. A Tesla Model 3 has up to a 310-mile range, Chevy Bolt gets 238 miles, Hyundai Kona is rated at 258. There are two FCEVs currently registered in the state. Both are Toyota Mirais, rated 312 miles. The other two FCEVs that we are aware of are the Hyundai Tucson (265 miles), and the FCEV version of the Honda Clarity (366 miles). There were no rebates given for either of the FCEVs. (It is also hard to find one within the price cap.) We're not entirely sure about the consistency here, but range is the stated principle.

The amount of incentive given for a lease may not be as straightforward as it gets folded into the mathematics of the

lease payment calculation by the dealer. As the saying goes, your mileage may vary.

Many CT dealers are interconnected with the DMV/CHEAPR and will handle the paperwork. They often just take the incentive off the price of the vehicle they deliver. It saves the work of filing for the rebate, but we recommend carefully reviewing the invoice with the dealer in order to accurately set expectations regarding the price.

Price Cap

There are other requirements associated with CHEAPR. Eligible vehicles must have an MSRP below $50,000. (Originally, the cap was set at $60,000.) This makes ineligible a number of expensive EV entrants such as the Tesla Models S and X, Jaguar i-Pace, Audi e-Tron, and others. The Tesla Model 3 is eligible for the lower trim levels. It is possible to get the long-range (310-mile) Model 3 for under $50,000. We expect there to be trim levels of the forthcoming Model Y that will also be eligible, based upon what we see on the Tesla website. With respect to the FCEVs, the Honda Clarity base trim price is $59,365, Toyota Mirai is $59,430, Hyundai Tucson – $50,875 (FCEV base prices are from Car and Driver). Based on these MSRPs, it would appear they would all be too expensive to qualify, but they are listed as eligible on the CHEAPR website. We are only aware of the availability of these vehicles via lease. If you're going that route, it seems prudent to verify the eligibility before concluding the transaction.

Once Only

Unlike the Federal tax credit, which is associated with each vehicle, the CHEAPR rebate is tied to the person receiving it. This rebate can be claimed *one time only*. It can be used for multiple vehicles if different (licensed) members of the

household are the registrant. Pro-tip: Don’t co-sign for a vehicle because you will both get dinged for the use of the rebate.

Where Can You Buy It

In order to be eligible, it is required that the vehicle be purchased from a dealer doing business in CT. (The dealer gets a little taste, too.) If you buy that Chevy Bolt from a dealer out of state and transfer the registration, you will not get the rebate. The exception to this is Tesla, which does not have dealers, and which has been barred by CT law from opening stores in the state. But the Model 3 trim levels that are below the price cap are eligible and Tesla will work with you on the admin.

New vs Used

This incentive applies to the purchase or lease of a new vehicle only. There is language in HB 7205 (line 142) authorizing DEEP to set income and incentive thresholds for purchases of used vehicles. We contacted DEEP for clarification and were advised that the rules as stated on their website are what govern eligibility, and these rules state, specifically, new vehicles only.

This is the link to the CHEAPR website. It lists all of the eligible vehicles as well as the rules and program stats.