

House Committee on Energy and Technology

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The Administration's Proposed Plug-In Electric Vehicle Investments for SFY 2021 (Fiscal Year 2021 One-Time General Fund Appropriations; Sec. B.1100(b)(1) of the FY 2021 State Budget)

I. Overview

The Administration's plug-in electric vehicle (PEV) proposals build on existing programs.

The \$3M package, using general funds (not transportation funds), includes the following components:

- A. Continue the statewide PEV incentive program (\$1,800,000).
- B. Provide additional PEV education and outreach through Drive Electric Vermont (DEV) (\$200,000).
- C. Create a PEV dealer and salesforce incentive program (\$250,000).
- D. Continue the interagency public EVSE grant program (\$750,000).

For each of these components, I will provide a brief description of the current program and then describe how the proposed funding would carry these programs forward, along with any program changes.

II. Program Details

A. Statewide PEV Incentive Program (\$1.8M)

1. Structure/status of current program:

\$1.1M of incentives available for purchases or leases of new PEVs.

State entered into no-cost contracts with the seven electric distribution utilities in Vermont to administer these programs.

Consumers may obtain an incentive in the form of a reduced down payment from the dealer. The dealer then invoices the utility, which in turn invoices VTrans.

Or the consumer may purchase the vehicle and receive a rebate from the utility, which would then invoice VTrans for reimbursement.

DEV maintains a website with information about the program (<https://www.driveelectricvt.com/why-go-electric/purchase-incentives>), updates the guidelines, tracks spending so the incentives available are not overdrawn, and assists with record keeping. VTrans entered into a \$50,000 grant agreement with DEV using air quality settlement funds that ANR transferred to VTrans.

The program launched December 16. Since then, DEV reports nearly \$200,000 in incentives have been granted.

The current income cap is about 96,000 per household (160% of the MHI).

Eligible PEVs must have a base MSRP of \$40,000 or less.

Greater incentives are available for lower income Vermonters (who qualify for the State’s weatherization program) and for BEVs versus PHEVs. The maximum incentive is \$5,000 (BEV + Weatherization-Program-Qualified):

<u>Income Eligibility Level</u>		
<u>PEV Type</u>	160% of MHI	Weatherization Eligible
PHEV	\$1,500	\$4,000
BEV	\$2,500	\$5,000

2. Administration’s Proposal

The Administration’s proposed budget would add \$1.8M of additional funding to this program.

The State would continue to work with the DUs and will need to enter into new no-cost contracts with them.

The State will also continue to work with DEV and will enter into another grant agreement with DEV for this purpose, probably again for \$50,000.

VTrans will continue to consult with other agencies (ANR and PSD) on this work.

The maximum incentive will go down to \$4,000. Higher incentives move vehicles faster, but reducing the incentive will make program funds last longer and extend them to more vehicles.

In the current program, questions about what qualifies as a household were getting challenging. In the new program, the income cap will switch from household-based to tax-return based, using gross income:

Single filers:	\$100,000
Head-of-household filers:	\$150,000
Joint filers:	\$200,000

The program would no longer be limited to one person per household. Applicants would need to produce their tax return with their applications or certify that their incomes were so low that they did not need to file a tax return.

The program would continue to provide greater incentives for lower-income Vermonters and for BEVs.

B. PEV Education and Outreach (\$200K)

1. Existing DEV Activities:

A number of agencies yearly contribute funding to DEV to provide essential services in aid of the agencies' efforts to accelerate vehicle electrification. Most recently:

VTrans:	\$45,000
PSD:	\$20,000
DEC:	\$5,000
BGS:	<u>\$5,000</u>
Total:	\$75,000

DEV provides the following services:

- a. Consumer E&O (website, ride and drive events, etc.)
- b. Business engagement (fleets, EVSE, etc.)
- c. Stakeholder engagement (utilities, state agencies, charging companies, OEMs, etc.)
- d. State agency support

PSD provides up to an additional \$5,000 to reimburse DEV for technical assistance to support projects funded by the VW EVSE Grant Program (which is discussed in greater detail below).

The Vermont Climate Action Commission identified important functions for DEV that still need to be fulfilled, while DEV's funding from private sources (especially Merck is declining).

Recommendation 16 of the Vermont Climate Action Commission is to "Leverage and enhance Drive Electric Vermont (DEV) to maximize the impact of education and

outreach campaigns and stakeholder engagement to build awareness and encourage purchase consideration for EVs.”

Some specific roles that the Commission recommended for DEV include the following:

- Recommend program designs to target incentives to rural and low/moderate income Vermonters;
- Conduct consumer research to determine key factors in purchase consideration for used EVs and the price point necessary to sell these vehicles;
- Develop and publicize information on battery warranties and other concerns that consumers may have about used EVs;
- Work with auto dealers to collect and regularly publicize deals on EVs;
- Use DEV website to generate sales leads for auto dealers;
- Coordinate with local energy committees and other partners to identify locations and participate in existing community events to showcase EVs and provide consumers with an opportunity test drive the vehicles;
- Target EV events in regions of the state with high transportation energy burden;
- Implement a dealer engagement program based on previous DEV dealer outreach programs—incorporate lessons learned and effective dealer engagement tactics from other states;
- Collaborate with Vermont Automotive Distributors Association on outreach to dealers and development of educational materials.

2. Administration’s Proposal

The Administration’s budget includes \$200,000 to provide steady funding for DEV to continue its existing work and to provide additional services needed to accelerate vehicle electrification in Vermont.

The interagency team would develop a workplan for DEV, and the workplan would be included in a grant agreement. The workplan would consider the VCAC’s report and other relevant considerations.

Consumer education and outreach (E&O) is consistently identified as a major need in the effort to move PEVs into the market.

C. PEV Dealer and Salesforce Incentives (\$250K)

While purchasers of PEVs consistently report high levels of satisfaction with their vehicles, agencies repeatedly hear reports of poor experiences at dealers by those shopping for PEVs.

The administration's proposal for a dealer and salesforce incentive also builds on the recommendations of the VCAC.

The incentive would apply to new PEVs only, be greater for BEVs, and apportioned between the dealer and salesperson according to a formula to be determined by VTrans.

The maximum incentive would be \$400 per vehicle sold.

VTrans would evaluate the program annually.

CT and NYS have similar programs.

D. PEV Charging Infrastructure (\$750K)

1. Structure/status of current program:

Interagency team (consisting of ACCD, VTrans, DEC, PSD, DOH).

Managed by ACCD.

Spending down \$2.8M of VW settlement money transferred to ACCD by ANR.

In two prior grant rounds, the State awarded thirty projects over \$1M in funding to install seventy-five Level 2 and five DC fast charge stations located in state designated centers, highway corridors, public park and rides, major attractions and institutions, multi-family housing and workplaces.

A recently released RFP offers \$2M (+ 80% match) to build 11 highway corridor fast charging stations. Five of these stations will be 150kW and 6 will be 50kW. The RFP also identifies 4 optional sites that applicants may elect to construct and operate for additional scoring points.

To be eligible, each application must cover all eleven sites, at a minimum.

When built out, these eleven sites will put a fast charger within 30 miles of nearly every address in Vermont, thus meeting one of VTrans' priority strategic objectives.

All but two of the required eleven sites are geographic radii. The two exceptions are the state park and ride facility in Springfield and the municipal park and ride facility in Wilmington. It was necessary for the RFP to identify these specific locations because close to \$300,000 of the \$2M grant is VTrans park and ride money.

The radii used in the other areas will enable the applicants to choose their sites within preestablished parameters (e.g., adequate lighting, access, cell service, amenities, etc.) and undertake negotiations with site hosts.

Responses to the RFP are due April 1.

Additional information on the VW EVSE Grant Program is available at <https://accd.vermont.gov/community-development/funding-incentives/electric-vehicle-supply-equipment-evse-grant-program>.

Even with these eleven fast charging stations built out, on top of the fast chargers and L2 chargers funded in prior grant rounds, Vermont will still need additional chargers to support a timely transition to PEVs. (Vermont currently has 23 fast chargers, some of which are proprietary Tesla superchargers.)

2. Administration's Proposal

The Administration's proposed budget would provide \$750,000 for the interagency EVSE grant team to continue its work.

This funding will enable the State to fund two additional highway corridor fast charging stations, and any residual funds can go to workplace L2 charging, which may have been relatively underserved in prior grant rounds.

III. Summary

These programs address significant barriers to PEV adoption:

1. High purchase prices.
2. Lack of customer knowledge of PEVs and incentives.
3. Lack of dealer and salesforce knowledge of PEVs and incentives.
4. Distance between highway corridor fast charging stations and lack of workplace charging.

The proposed \$3M package will help address these barriers and accelerate the electrification of the transportation sector, which is essential for meeting the State's climate and energy goals and for making the most of the renewable energy economy in Vermont.