

GROWING THE ECONOMY Cleaner Transportation:



Programs and Incentives to Foster Electric Vehicle Adoption

WHAT: The Administration, through the Agency of Transportation, Agency of Natural Resources and the Department of Public Service are proposing six initiatives to advance vehicle electrification:

- 1) Increase funding for the electric vehicle (EV) incentive program established in 2019;
- 2) Provide funding to [Drive Electric Vermont](#) for EV consumer support services for the statewide EV incentive program;
- 3) Establish a pilot program to collect charges from public charging stations to support transportation infrastructure;
- 4) Provide a dealer and salesperson incentive program to motivate the sale of EVs;
- 5) Enhance the EV charging station infrastructure for highway corridor fast chargers and Level II workplace chargers; and
- 6) Require electric distribution utilities to introduce EV-specific rates.

WHY: Climate change is affecting our environment and natural resources, and the Administration is committed to meeting our greenhouse gas emission goals. Transportation accounts for 44 percent of the carbon emissions, and to meet our aggressive goals, we must provide Vermonters with the tools to transition to electric vehicles. The main barriers to adoption of EVs include a typically higher purchase price, lack of customer and sales force knowledge of EVs, and the distance between public charging stations. Additionally, we must simultaneously address the impacts of EVs on the electric grid and how our highway system is funded as we transition to electrification. This proposal will comprehensively address these barriers and help Vermont meet its transportation-sector climate and energy goals.

On average, driving an EV is the **equivalent of paying about \$1.50 per gallon of gasoline** and the cost of operating an EV is more stable since the state regulates electric utility rates. An average Vermont driver could save \$2,400 on “fuel” over the course of 5 years with an EV. Additionally, All-Electric Vehicles (AEVs) have a fraction of the maintenance costs as gas combustion engines.

WHO: All Vermonters will be eligible for the EV incentive program, have access to the public charging infrastructure, and can take advantage of the support services through *Drive Electric Vermont*.

HOW: The Transportation bill includes legislative language.

1. **EV Incentives:** Vermonters would be eligible for an incentive up to \$4,000 for the purchase or lease of an electric vehicle. (\$1,800,000 cap)
2. **EV Education and Outreach:** Continues and expands the public-private partnership with *Drive Electric Vermont* with an investment of \$200,000 to provide technical assistance and EV promotional efforts in support of the expansion of the EV market in Vermont.
3. **EV Contribution to the Transportation Fund:** Implements a pilot program to collect charges from electric vehicle users at public charging stations on a per kilowatt basis in a manner parallel to the current framework of gasoline taxes.
4. **EV Sales Incentives for Dealers and Salesforce:** Creates a \$250,000 incentive program for auto dealers and salespersons to become more educated about electric vehicles and to promote EV sales.
5. **EV Charging Infrastructure:** Supports the continued buildout of public charging infrastructure by \$750,000 to build upon the existing VW funding of public charging stations. Locations can be found here:
<https://accd.vermont.gov/sites/accdnew/files/CPR-EVSE-2020-Annual-Report.pdf>
6. **EV Electric Utility Rate Design:** EV rate design (pricing) reforms can help smooth utility loads and reduce the cost of EVs to the system (for lower electricity prices). The legislation requires electric utilities to introduce EV rates that can be differentiated for the benefit of EV customers (in lower prices), and the benefits to the system (and non-participants). A secondary benefit of these changes is that controlled loads help serve environmental objectives.

In addition to these new investments, consumers may be eligible for:

Utility Incentives: Various utilities provide incentives, bill credits, and rebates on plug-in hybrid and all-electric vehicles (up to \$1,800).

Federal Incentives: Up to \$7,500 tax credit on plug-in hybrid and all-electric vehicles depending on the size of the battery and annual tax liability.

FUNDING: \$3 million is included in the Governor's FY21 recommended budget.

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