

# MAKING VERMONT MORE AFFORDABLE

## Reducing the Percent of HHI Spent on Energy and Combatting Climate Change



## Programs and Incentives to Foster Electric Vehicle Adoption

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- **WHAT:** The Administration, through the Agency of Transportation, Agency of Natural Resources and the Department of Public Service are proposing eight initiatives to advance vehicle electrification:
  1. Increase funding for the electric vehicle (EV) incentive program established in 2019;
  2. Create the *Vermont Replace Your Ride Program* to help low-income Vermonters switch to clean transportation options affordably, while also accelerating the reduction of greenhouse gas emissions from transportation in Vermont;
  3. Provide funding to [Drive Electric Vermont](#) for EV consumer support services for statewide EV incentive programs;
  4. Provide a dealer and salesperson training and incentive program to motivate the sale of EVs in partnership with Vermont Vehicle and Automotive Dealers (VADA);
  5. Enhance the EV charging station infrastructure for Level II multi-family housing unit fast chargers;
  6. Require electric distribution utilities to introduce EV-specific rates;
  7. Require electric distribution utilities to modify Utility Demand Charges to lessen the burden of providing electricity to Level III DC Fast Chargers; and
  8. Prepare a long-range plan for the conversion of Vermont's public transportation fleet to an all-electric fleet.
  
- **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 cost effective electrified transportation options. 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 about \$1.50 per gallon of gasoline. EV costs are also much more stable since the state regulates electric utility rates. Adding up the potential savings over the past five years, an average Vermont driver could have saved about \$2,000 with an EV. In addition to savings on fuel noted above, electric cars also have lower maintenance and repair costs. [A Consumer Reports study](#) estimated electric vehicles could cut typical maintenance costs in half when compared to gasoline powered vehicles, with an average savings over the life of an electric vehicle of \$4,600.

- **WHO:** All Vermonters meeting the program income guidelines will be eligible for the EV incentive programs, have access to the public charging infrastructure, and can take advantage of the support services for consumers and dealers.

- **HOW:** The Transportation bill includes legislative language to:
  - **EV Incentives:** Vermonters would be eligible for an incentive up to \$4,000 for the purchase or lease of an electric vehicle. (\$2,000,000 cap)
  - **VT Replace Your Ride Program:** In exchange for scrapping a registered and inspected older high-polluting vehicles, eligible Vermonters would receive an incentive of up to \$3,000 towards one or more of the following clean-transportation options: a new or used Electric Vehicle (or Plug-in Hybrid); electric Bicycle or Motorcycle; vouchers for public transit, shared-mobility options, or private ride hailing (options could include public transit passes, membership in CarShare VT or bike-share programs, vouchers for ride hailing options like Lyft/Uber or other new mobility programs) (\$1,500,000 cap)
  - **EV Education and Outreach:** Continues and expands the public-private partnership with *Drive Electric Vermont*, to provide technical assistance and EV promotional efforts in support of the expansion of the EV market in Vermont, as well as securing administrative services for the EV Incentive programs (vehicles, bikes, motorcycles) with an investment of \$250,000.
  - **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.
  - **EV Charging Infrastructure:** Supports the continued buildout of public charging infrastructure by \$1,000,000 for multi-family dwellings to build upon the existing State and VW funding of public charging stations. Locations can be found here: [https://accd.vermont.gov/sites/accdnew/files/documents/CD/CPR/CPR-2021-EVSE\\_Annual-Report.pdf](https://accd.vermont.gov/sites/accdnew/files/documents/CD/CPR/CPR-2021-EVSE_Annual-Report.pdf)
  - **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.
  - **Modify Utility Demand Charges:** Demand charges are fees applied to the electric bills of commercial and industrial customers based upon the highest amount of power drawn during any (typically 15-minute) interval during the billing period to lessen the burden of providing electricity. Commercial providers of Level III DC Fast Charging stations are providing a new market product with a very limited return on investment at this time. Restructuring demand charges for Fast Charging Stations will attract more installations.
  - **Public Transportation Electrification Plan:** Working in coordination with Vermont's public transit providers, the Agency of Transportation will prepare a long-range plan which will outline the costs, timeline, training, maintenance, and operational actions required to move to a fully electrified public transportation fleet.

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:** \$5 million is included in the Governor's FY22 recommended Transportation budget.

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