

Overview of E.O. 04-25

Electric Vehicle Sales Requirements

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Why was the E.O. needed?

- Concerns about ratioing
- Tariffs and other uncertainties being created at the federal level
- Timing
 - Vermont's implementation of ACC II and ACT starts in Model Year 2026
 - ACT implementation timelines in the US:
 - 2025 Model Year: Massachusetts, New Jersey, New York, Oregon, and Washington.
 - 2026 Model Year: Vermont.
 - 2027 Model Year: Colorado, Maryland, New Mexico, and Rhode Island.
 - CARB is working on amendments to ACT, but will be some time before they are advanced and available to participating states

What the E.O. does

Addresses ratioing by making enforcement discretion contingent on not engaging in this practice

- Ratioing occurs when manufacturers will only provide ICE vehicles to dealers proportionate to the number of EVs they take delivery of;
ratioing was not anticipated when the rules were adopted

Why is this important?

- Ratioing limits the number of ICE vehicles available to Vermont dealers, impacting consumer choice
- Ratioing creates potentially significant “carrying costs” for dealers by requiring them to take delivery of proportionate numbers of EVs
- Ratioing raises concerns about “leakage” with Vermonters traveling to out-of-state dealerships to purchase desirable vehicles

What the E.O. does

Provides near-term regulatory certainty while changes are being considered both in Congress and by CARB (California Air Resources Board)

Why is this important?

- Ensures sufficient vehicles, both internal combustion engine (ICE) and EV, available for sale in Vermont

Possible Congressional Action

- Congressional Review Act (CRA) allows Congress to review “major” rules issued by federal agencies before the rules take effect
 - There is disagreement about whether the California Clean Air Act waiver requests (which form the basis for ACC II and ACT) are subject to CRA
 - Under CRA, House passed resolutions overturning ACC II, ACT and HD-Low Nox rules in late-April
 - Unclear when/whether Senate will take similar action
- If Congress overturns these waivers, any state that has adopted these programs will no longer be able to enforce those rules
 - Should Congress act, will face certain legal challenges → uncertainty

Proposed CARB Amendments to ACT

Adopted by CARB May 9; ANR plans to file amendments with ICAR in June and complete formal rulemaking by years' end

- 1. Increased Deficit Makeup Period** – Manufacturers would have three years instead of one year to balance their zero emission vehicle (ZEV) deficits (accrued due to insufficient sales of ZEVs).
 - **This amendment would have the effect of delaying any enforcement of ACT until at least April 2030.**
- 2. New definition for how credits are generated** – Manufacturers would be able to generate a credit based on a vehicle delivered for sale, rather than delivered to the ultimate purchaser.
- 3. Additional flexibility in 2026** for the cleanest “Heavy Heavy-Duty (HHD) Engines” to ease compliance for manufacturers of ICE tractors.

Further CARB Amendments to ACT

CARB is likely to propose additional amendments this summer related to pooling.

- Pooling allow manufacturers to use credits earned in one state to comply with ZEV sales requirements in another state.
- It would likely be early-2026 before further changes would complete rulemaking in Vermont

What the E.O. does NOT do

Direct ANR to rescind the current rules

Why this is important:

- Supports consumer choice by ensuring robust numbers of EVs are available to Vermont consumers
- Maintains the obligation of manufacturers and dealers to have sufficient vehicles available to Vermonters thru the use of enforcement discretion and compliance flexibility
 - EV sales requirement has been in place in Vermont since 2000; EO maintains EV availability
 - Requires reporting to ensure manufacturers and dealers continue to promote and market EVs

What's next?

- Continue to track actions by CARB
 - ANR will move quickly to adopt rule amendments announced by CARB
 - Likely July timeframe
- Continue to track CRA review in Congress
 - Congress would need to act by early-June
- Continue working with other Section 177 states on ratioing
- Establish reporting requirements for manufacturers regarding efforts to promote and markets EVs
- Follow up on any complaints of ratioing