



The Department of Energy and Environmental Protection (DEEP) is inviting public comment on certain aspects of the Connecticut Hydrogen and Electric Automobile Purchase Rebate (CHEAPR) program as further described below.

The CHEAPR program began as a pilot program in mid-2015 as an effort to achieve price parity between internal combustion engine (ICE) vehicles and Electric Vehicles (EVs), including battery electric vehicles (BEVs), Plug-in Hybrid Electric Vehicles (PHEVs) and Fuel Cell Electric Vehicles (FCEVs). The CHEAPR pilot program provides a point-of-sale rebate, up to \$5,000, for Connecticut residents, businesses, and municipalities for the purchase or lease of a new eligible BEV, FCEV, or PHEV. CHEAPR was the first EV incentive program in the country to apply a rebate to the purchase price of the vehicle at the auto dealership. The consumer can choose to apply the CHEPAR rebate to reduce the cost of the vehicle, or retain the rebate. The CHEAPR rebate can be combined with the federal EV tax credit to further reduce the cost of an EV.

When Connecticut entered into the multi-state Zero Emission Vehicle Memorandum of Understanding (ZEV MOU) in 2013,¹ Connecticut committed to identifying and exploring complimentary policies among the MOU states to encourage the adoption of EVs. The [ZEV MOU Action Plans](#) (2014, 2018) discussed several essential strategies, including EV incentives, determined to be critical to rapidly growing the EV market. As of June 30, 2020, the CHEAPR program has supported the purchase or lease of over 6,000 EVs in Connecticut. In order to foster the advancement of EVs and in recognition of the success of the pilot program section 94 of Public Act 19-117² was passed by the General Assembly to establish a more formal structure for CHEAPR. Changes included a stable funding source of \$3 million/year through the end of 2025 from motor vehicle fees and a new governing board consisting of representatives from state government, environmental organizations, the environmental justice community, and the Connecticut Green Bank. The newly established CHEAPR Board is responsible for setting appropriate rebate levels and maximum income eligibility for rebates, and will conduct annual program evaluations.

The Board, tasked with overseeing incentive levels for the CHEAPR program, is required to establish appropriate rebate levels and revise them as necessary. On January 30, 2020, the Board met and established the following interim incentive levels. Since the January Board meeting, DEEP staff had issued a request for proposals, and from that competitive process selected the Center for Sustainable Energy (CSE), to begin outlining the framework for the program design as required under section 94 of Public Act 19-117.

¹ See <https://www.zevstates.us/>

² Codified at Conn. Gen. Stat. section 22a-202, "The board shall establish and administer a program to provide rebates that total at least three million dollars annually to residents of this state who (1) purchase or lease a battery electric vehicle, plug-in hybrid electric vehicle or fuel cell electric vehicle, or (2) purchase a used hydrogen vehicle or electric vehicle. The board shall establish and revise, as necessary, appropriate rebate levels and maximum income eligibility for rebates for used hydrogen vehicles or electric vehicles. The board shall evaluate such program on an annual basis."



Interim Incentive Levels for New EVs	
(effective January 30, 2020)	
Type	Base Rebate
Fuel Cell EVs (FCEV)	\$5,000
All-Battery EVs >200 e-miles (BEV)	\$1,500
All-Battery EVs <200 e-miles (BEV)	\$500
Plug-in Hybrid EVs (PHEV)	\$500
MSRP Cap: \$42,000	

Items for Public Comment

On behalf of the Board DEEP staff have compiled several documents. Materials provided to the board are posted to the CHEAPR [web page](#).

DEEP, on behalf of the CHEAPR Board is seeking comment on the following questions:

With respect to program design, the program administrator, CSE has proposed the following incentive structure:

New Vehicle Program Design		
Type	Base Rebate	Supplemental LMI Rebate
Fuel Cell EVs (FCEV)	\$5,000	\$2,000
All-Battery EVs >200 e-miles (BEV)	\$1,500	\$2,000
All-Battery EVs <200 e-miles (BEV)	\$500	\$1,500
Plug-in Hybrid EVs (PHEV)	\$500	\$1,500
MSRP Cap: \$42,000		

Used Vehicle Program Design	
Type	LMI Rebate
Fuel Cell EVs (FCEV)	\$5,000
All-Battery EVs (BEV)	\$2,000
Plug-in Hybrid EVs (PHEV)	\$750
MSRP Cap: None	



- **Question 1: Comment on the CHEAPR program design element of limiting incentives for used EVs to Low-moderate income (LMI) applicants**

DEEP has offered a statutory interpretation limiting eligibility for used EV incentives to LMI applicants, the document is posted at [this link](#). The proposed program would pre-qualify applicants prior to vehicle purchase or lease through an income verification process implemented by the program administrator. Eligibility will be determined by either direct income verification through federal tax returns (AGI of \$50,000 single or \$75,000 family) or by demonstrated participation in programs such as the Temporary Assistance for Needy Families (TANF), State Administered General Assistance (SAGA) Cash Assistance, State Supplement Cash Assistance Program, Safety Net Assistance Benefits and Temporary Family Assistance (TFA). Providing an incentive to anyone regardless of income may require a statutory change and it would be helpful to understand the public's perspective on this issue.

- **Question 2: Is the rebate level for Fuel Cell Electric Vehicles (FCEVs) appropriate?**

The proposed program design retains significant incentives for FCEVs. FCEVs were included in the original CHEAPR program and the General Assembly, by enacting Public Act 19-117, required that FCEVs also be included in the new CHEAPR program. In evaluating other state programs such as California, the decision to include FCEVs is the result of several factors including: the driving range and fueling experience of FCEVs is similar to that of ICE vehicles, and FCEVs do not lose significant range in cold-weather. FCEVs, because of their reliance on centralized fueling infrastructure, lend themselves to use by occupants of multi-unit dwellings with on-street parking or otherwise limited access to charging infrastructure. The regulatory framework governing the zero emission vehicle program currently allows FCEV manufacturers to "travel" credits from FCEVs placed in California. There is no incentive for California to amend this policy until other states develop policies to support FCEVs just as was done with EVs. Lastly, as a state that has significantly invested in fuel cell developments, there is a natural synergy to expanding to FCEVs here in support of and offers an alternative technology and promotes fuel diversity by including the development of hydrogen fueling as commercially available option.

- **Question 3: Comment on DEEP's statutory interpretation regarding the eligibility of electric bicycles under the CHEAPR Program as currently authorized, and/or, as a general matter, whether or how electric bicycles should be provided incentives under the CHEAPR program.**

DEEP's review of the relevant statutes indicates that electric bicycles are not eligible for an incentive under the existing statute. DEEP has provided its detailed reasoning [here](#). Some board members and members of the public have recommended including incentives for electric bicycles. Such incentive will likely require a statutory change and it would be helpful to understand public perspective on this issue, for example what would be an appropriate incentive level, how should the incentives be funded, and resources for benchmarking air quality and greenhouse gas benefits, given seasonal use of e-bikes and potential for e-bikes or the potential for e-bikes to be used as commuter vehicles, replacing traditional bicycles as well as motor vehicles.



Comment Period

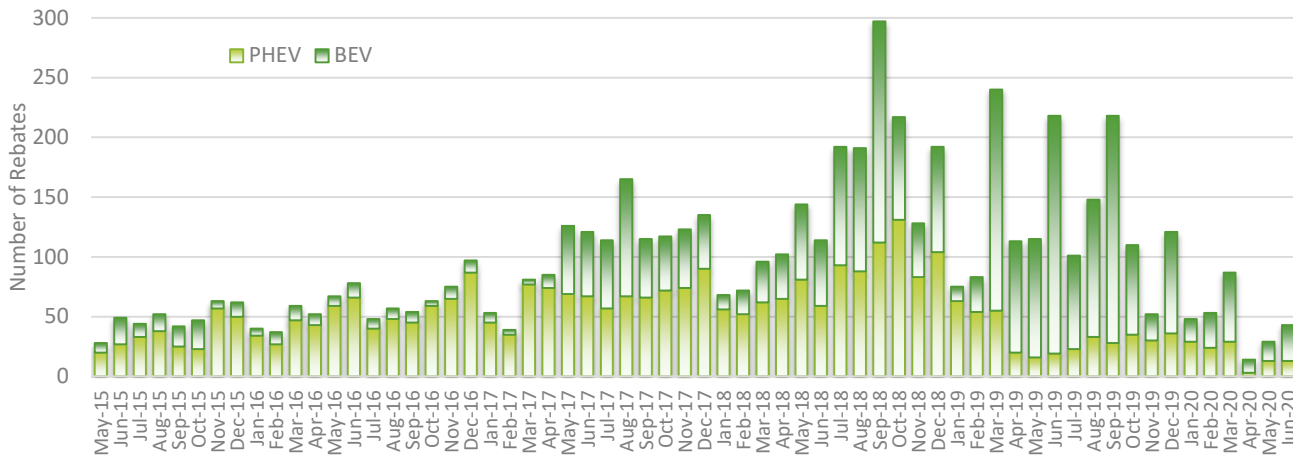
DEEP will accept public comment on these parameters until August 12, 2020 at 5PM. Comments may be addressed to DEEP.mobilesources@ct.gov. Pursuant to the direction of the Board, DEEP is moving forward to schedule a meeting on or about August 21, 2020 to review the threshold issues of statutory interpretation that must be resolved before the program design proposal is finalized for board action on or about September 10, 2020. DEEP will post notices for both meetings to DEEP's calendar of events and the State Agency Public Meeting Calendar.



CHEAPR Background Data

Launched on May 19, 2015, CHEAPR has issued \$11,252,500 for the purchase or lease of 6,069 new electric vehicles (EVs) through June 30, 2020.

Monthly CHEAPR Rebates



Current incentive levels are based on the all-electric range of the EV and segregated by EV technology.

These incentive levels have been revised on a yearly basis evolving with advancing EV technology and effectively and efficiently maximizing limited funding to stimulate the EV market and promote EV uptake in Connecticut all while maintaining viability of the pilot program.

Only EVs with a manufacturer's suggested retail price (MSRP) under \$42,000 are eligible for the program. This MSRP cap ensures that funding is directed towards those consumers and vehicles where it will make the biggest impact on the decision to purchase an EV.

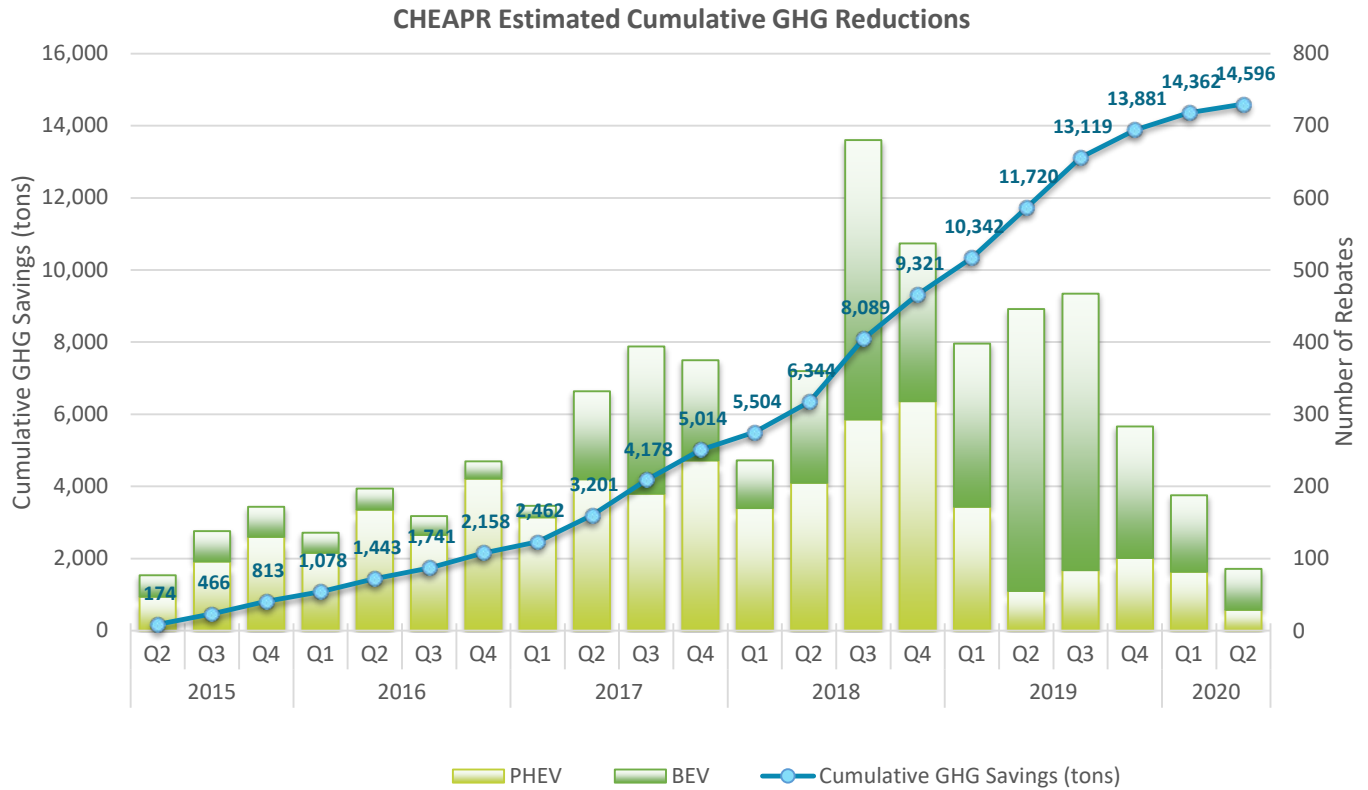
CHEAPR was the first EV incentive program in the nation to offer a point-of-sale rebate. Through a collaborative partnership with the Connecticut Automobile Retailers Association (CARA), the rebate process was simplified by requiring dealerships to complete and submit all necessary paperwork for the consumer. As a result, the consumer gets a direct discount on the vehicle price, rather than waiting for a check to arrive in the mail, though that is also an option.

CHEAPR was the first EV incentive program in the nation to offer a dealer incentive. This \$125 or \$75 per vehicle incentive (depending on the vehicle) is intended to spur the promotion of EVs in Connecticut showrooms and to recognize the important role dealers have in the CHEAPR process. It has been shown³ that this incentive has motivated them to participate in behaviors that might spur EV sales and have made dealerships more open to EVs as a real alternative to conventional vehicles.

³ [Evaluating the Connecticut Dealer Incentive for Electric Vehicle Sales](#), Center for Sustainable Energy, June 2017.

CHEAPR rebated vehicles have cut Connecticut’s GHG emissions output by an estimated 14,600 tons.

Greenhouse gas (GHG) emissions from the transportation sector make up nearly 40% of Connecticut's total emissions and the state of Connecticut has committed to reducing GHG emissions from the transportation sector to achieve economy-wide targets of at least 45 percent below 2001 levels by 2030⁴, and 80 percent below 2001 levels by 2050⁵. Through the end of June 2020, estimated cumulative GHG reductions from CHEAPR rebated vehicles, assuming the vehicle was purchased in place of a new gasoline vehicle, is estimated to be 14,600 tons⁶.



⁴ Section 7 of Public Act 18-82, An Act Concerning Climate Change Planning and Resiliency, codified at Conn. Gen. Stat. § 22a-200a.

⁵ Section 2 of Public Act 08-98, An Act Concerning Global Warming Solutions, codified at Conn. Gen. Stat. § 22a-200a.

⁶ GHG reduction totals are calculated as the difference in annual emissions for a BEV or PHEV versus emissions from a new internal combustion gasoline passenger car using the following assumptions: Annual vehicle miles traveled: 10,500 miles; CT CO₂e output rates: EPA eGRID, 2016; Avg new gasoline vehicle CO₂e emission rate: 357 g/mile, EPA Fuel Economy Trends Report 2017.