



Connecticut Hydrogen and Electric Automobile Purchase Rebate Program
(CHEAPR)

Board Meeting
December 18, 2020
1:00 PM via Zoom
Meeting Minutes

Board Members: Matt Macunas, Anthony Cherolis

DEEP Staff: Tracy Babbidge, Paul Farrell, Lakiesha Christopher, Walter Barozi, Katie Katrichis

Members of public offering comment: Barry Kresch, Charles Rothenberger, Zach Kahn, Catherine Young, Craig Peters, Chris Nevers, Mark (unknown last name)

Public Attendees: John Livermore

At 1:00 PM, Tracy Babbidge opened the meeting. She explained that the CHEAPR board has recently been having trouble coordinating their next meeting due to members' conflicting schedules. Today's meeting is thereby being held as an informational meeting instead of as a board discussion. A board vote on the CHEAPR program design for 2021 is upcoming, which will allow for the Center for Sustainable Energy (CSE) to begin programming so CT DEEP will be able to launch the program as early as the first quarter of the new year.

Tracy Babbidge and Paul Farrell called the meeting to order on behalf of Commissioner Dykes, who would not attend the meeting due to a schedule conflict. Tracy Babbidge announced that there would be no roll call of the board today given the nature of the meeting. She also stated that the minutes from the October 8, 2020 meeting will be voted on the next time that the board meets. She emphasized that the purpose of today's meeting is to: go through the details of the nine program design options that have been provided to the board, including options to carry over surplus funding to use as a stimulus for next year's program; walk through the mechanism of the online polling tool that the board uses to vote for their program design options; and close the meeting with public comments.

CHEAPR Budget Update

Tracy Babbidge announced that the amount of funding that will be available to carry over to 2021 is estimated to be about \$2.28M. The 2020 available funds as of 11/30/2020 are \$2,416,981. 546 CHEAPR rebates have been approved through 10/31/2020.



Incentive Design Recommendations and Implementation of Stimulus Funding

Items from the last meeting that require further discussion include: potential program structures (Proposed Incentive Structure vs. Range Agnostic Incentive Structure).

Tracy Babbidge explained the strategy that the board has discussed for stimulus funding implementation: Start using stimulus program design at the beginning of 2021 to issue enhanced rebate values. Establish a “check-in” date (tentatively May 31, 2021; applications would need to be submitted by 11:59PM) for which the board can later assess the feasibility of extending the stimulus funding through the end of the calendar year by periodic checks of the remaining surplus funds. If less 50% of the stimulus (~\$1.1M) has been depleted by the check-in date, the enhanced rebate values will continue to be issued through December 2021. If greater than 75% of the stimulus (~1.65M) has been depleted by the check-in date then rebates will revert to standard values.

Matt Macunas asked if there is any historical data for the uptake of incentive funding that is available. John Livermore from CSE replied that this data is publicly available and that it can be searched for from their dashboard.

Tracy Babbidge presented a table with the rebate values for nine different scenarios, as pictured below. The greenish-blue colored columns indicate scenarios for which modeling has had previously been modeled. The corresponding white columns are variations of these scenarios.

Table 1: CHEAPR Program Design Options

	Proposed (42K MSRP)	Proposed 1 (50K MSRP)	Proposed 2 (42K MSRP)	Range Agnostic (42K MSRP)	Range Agnostic 1 (50K MSRP)	Range Agnostic 2 (42K MSRP)	EV Coalition (50K MSRP)	Lowest Modeled 1 (42K MSRP)	Lowest Modeled 2 (42K MSRP)
New BEV (Long Range) Rebate	1500	1500	2500	1500	1500	2500	2500	1000	750
New BEV (Short Range) Rebate	500	500	1000	1500	1500	2500	2500	1000	750
New PHEV Rebate	500	500	500	500	500	500	500	500	500
New FCEV Rebate	5000	5000	5000	5000	5000	5000	2500	5000	5000
Used BEV (Short Range) Rebate	2000	2500	2500	2000	2500	2500	2500	2000	2000
Used PHEV Rebate	750	500	500	750	500	500	500	750	750
Used BEV (Long Range) Rebate	2000	2500	2500	2000	2500	2500	2500	2000	2000
Used FCEV Rebate	5000	2500	2500	5000	2500	2500	2500	5000	5000
New BEV (Long Range) LMI Supplement	2000	2500	2500	2000	2500	2500	2000	2000	2000
New BEV (Short Range) LMI Supplement	1500	2500	2500	1500	2500	2500	2000	1500	1500
New PHEV LMI Supplement	1500	1500	1500	1500	1500	1500	1500	1500	1500
New FCEV LMI Supplement	2000	2500	2500	2000	2500	2500	2000	2000	2000
Dealer Incentive (Used)	75	75	75	75	75	75	75	75	75
Dealer Incentive (New & <\$1,500 consumer rebate)	75	75	75	75	75	75	75	75	75
Dealer Incentive (New & >\$1,500 consumer rebate)	125	125	125	125	125	125	125	125	125
Percent of EVs rebated	0.528	0.84	0.528	0.528	0.84	0.528	0.84	0.528	0.528



Paul Farrell pointed out that the MSRP limits included in each scenario’s caption do not include FCEVs, for which the MSRP is \$60,000.

Matt Macunas noted that for variations of previously-modeled scenarios (e.g. Proposed 1 and Proposed 2), there are variations in certain base incentive values in addition to MSRP. He inquired about if there was a discussion where the board talked about these differences specifically. Paul Farrell answered that these scenarios were all derived from an active board discussion centered around the EV Coalition proposal. He stated that he would have to check the minutes from that meeting to recall the particular reason for the model parameter adjustments.

Tracy Babbidge presented the modeled program costs for 2021 and MOU goal, as displayed in the table below. Red cells indicate a scenario + demand combination that has exceeded the CHEAPR program’s annual budget in the model; green cells indicate a scenario + demand combination that remained below budget. This model is based on a \$5.2M budget (\$3.0M annual budget + \$2.2M stimulus). The forecasted budget uptake is based on an incentive design with 50% stimulus increase for January 2021 through December 2021. The bottom row of this table is the modeled total cost of a certain scenario to the CHEAPR program in accordance with Connecticut’s adoption goal of 150,000 EVs.

Table 2: Modeled Program Costs for 2021 and MOU Goal

	Proposed (42K MSRP)	Proposed 1 (50K MSRP)	Proposed 2 (42K MSRP)	Range Agnostic (42K MSRP)	Range Agnostic 1 (50K MSRP)	Range Agnostic 2 (42K MSRP)	EV Coalition (50K MSRP)	Lowest Modeled 1 (42K MSRP)	Lowest Modeled 2 (42K MSRP)
Low Demand	\$1.5M	\$2.1M	\$2.1M	\$1.5M	\$2.1M	\$2.2M	\$2.1M	\$1.6M	\$1.5M
Baseline Demand	\$3.7M	\$5.5M	\$5.8M	\$3.9M	\$5.6M	\$5.9M	\$5.7M	\$4.2M	\$3.9M
High Demand	\$4.6M	\$6.9M	\$7.2M	\$4.8M	\$7.0M	\$7.4M	\$7.1M	\$5.2M	\$4.8M
Total Cost (150K EVs)	\$109M	\$244M	\$162M	\$113M	\$252M	\$169M	\$375M	\$89M	\$76M

Discussion and Review of Board Poll for Voting on Program Design

Tracy Babbidge demonstrated the form that each CHEAPR board member will use to vote for their preferred policy scenario. The form is a ranked-choice vote of all nine scenario where each model scenario title can be dragged and dropped into order of the board member’s preference, from first to last. In addition, the form includes a photo of Table 1 and Table 2 (shown above) and a box for the board member to enter their name. Tracy



Babbidge asked members to complete this vote by December 23 so CSE can start incorporating the selected program design into their work for 2021. Matt Macunas commented that ranked-choice is an appropriate way for the CHEAPR board to vote on design given the board's limited population as well as the wealth of program options.

Low-to-Moderate Income (LMI) Program Elements

LMI Rebate

- Post-purchase LMI (New and Used Vehicles)
 - Pre-qualification: time consuming, expensive
 - 1+ hour per pre-qualification
 - Only 40% of pre-qualified new customers convert to redeem voucher (CVRP Rebate Now Pilot)
 - Post-purchase: more cost-effective, better use of limited program funds
 - Works best for LMI applicant and auto dealers
 - Most LMI customers go get the car first, then call after to get the rebate
 - Takes auto dealer out of LMI conversations (1,000+ used dealers in CT)
 - LMI applicants will be able to apply for the LMI increased rebate online using CSE's secure portal - an easy 10-15 minute process/mail-in rebate option
- Income verification: categorical eligibility
 - Full income verification: time-consuming, expensive (1.5+ hours applicant)
 - Categorical eligibility: most cost-effective (~10 minutes); maximizes administrative efficiency
 - Eliminates the need to spend time obtaining and reviewing tax documentation and possibly bank statements
 - Eliminates the need to work with the IRS
 - Sets clear the specific expectations for applicants on what they need for eligibility
 - Minimizes back and forth communication required with applicant

Public Comments

Barry Kresch asked for clarification regarding the EV Coalition modeling scenario. He remarked that the letter that the EV Coalition submitted additional comments after their initial comments that advocated increasing the base incentive and excluded the stimulus funding from the proposal entirely**. He inquired about whether the 50% stimulus increase is included in the EV Coalition scenario that was modeled. John Livermore said that he would have to go back and check, and Tracy Babbidge asked him to verify this but also



stated that it is apparent to her that the stimulus was indeed included in this modeling scenario. She then asked Barry Kresch if he meant that this scenario should be removed from the chart and not included in the model, to which Barry confirmed. Paul Farrell asked Barry Kresch if Barry just meant that the stimulus funds would solely be used to increase the MSRP with a standard rebate value, which Barry also confirmed. Barry Kresch added that there is also concern about how these fluctuations are going to impact the consumer, and that perhaps these temporary changes will further complicate the process of getting a rebate unnecessarily.

Regarding used car dealerships specifically, Barry Kresch asked whether CHEAPR rebates are still limited to CARA dealerships, as he was under that impression as recently as the October 2020 board meeting. John Livermore replied that smaller car dealers will be included. Barry Kresch also inquired about how online-based used car dealerships will be handled. John Livermore answered that since the program is using a post-purchase model, the purchaser of the vehicle can simply submit their information online, so the dealership will not be involved at all. Barry Kresch asked for clarity specifically that rebates can be applied to online purchases, which John Livermore also confirmed.

Charles Rothenberger had a question pertaining to the last row of Table 1: “Percent of EVs Rebated”. He inquired about whether this varies for scenarios Proposed, Proposed 1, and Proposed 2 simply because of the raised MSRP for Proposed 1, accounting for vehicles that would have been purchased anyways. John Livermore confirmed this.

Charles Rothenberger then commented that assessing the feasibility of the program design around the cost to get to 150,000 electric vehicles onto the road in Connecticut through CHEAPR is unrealistic since the state is unlikely to meet those numbers by the target date. He asserted that higher incentives are more likely to change consumer behavior. Rothenberger called attention to the “Low Demand” column in Table 2, highlighting that every scenario modeled is below budget in this condition, which resembles the condition of the program with the current incentive levels. Rothenberger argued that more robust incentive levels will drive demand up, which should be taken about.

Charles Rothenberger asked about Modeled Program Cost discrepancies that he noticed in Table 2 for the modeling results presented today with those that had been presented at a board meeting in either September or October. Tracy Babbidge responded that these differences are because the results being presented today incorporate the stimulus funding policy, whereas the previous model did not. This was confirmed by John Livermore.



Charles Rothenberger voiced agreement with a comment that Tony Cherolis made in the chat with respect to LMI consumers; he stated that if rebates are going to be issued as post-purchase incentives, there should be some more clarity involved for LMI consumers so they can have confidence that they will be compensated before they make their purchase. Charles Rothenberger also pointed out that the motor vehicle greenhouse gas registration fee is bringing in \$8.0M/year, which the modeled program costs fall below for each respective scenario, even in high demand. He stated that \$3.0M of this is diverted to CHEAPR but \$5.0M goes to the general fund; the EV Coalition is committed to redirecting the entirety of those funds to the CHEAPR program.

Paul Farrell reported that he reviewed the initial email from the EV Coalition that Barry Kresch had been referring to previously and found that the proposal did in fact include a six-month time-limited 50% adder to the base level for MSRPs.

Charles Rothenberger offered to address this issue directly. He believed that when Barry Kresch's previous comment was referring to the EV Coalition's follow-up letter from November 10, 2020, where it was recommended that the time-limited adder be eliminated from the policy if concessions to the budget need to be made.

Zach Kahn of Tesla commented that timing is crucial and expressed doubt for the proposed policy's ability to get the state to reach its goal of 150,000 EVs by 2025. He emphasized that Tesla lowered their prices on all of their models this year and that he expects that they will continue to do so. He commented that the number of incentives issued this year appear to be a third of what they have been in years past, and that he hopes the group keeps this in mind when deciding on whether or not to raise the MSRP cap. He added that raising the MSRP cap will also allow consumers to buy high-range EVs and fully replace a gas car. He stated that the pandemic where sales have dropped the lowest is New Jersey, where an incentive there just ran out of \$30M of funding.

Paul Farrell followed up and asked Zach Kahn how Tesla sales have been affected in Connecticut over the last six months, as the CT DEEP analyzes EV Registration data twice annually and has noticed a steady influx of new Tesla vehicles despite a drop in the number of rebates. Paul Farrell emphasizes that EV sales and number of rebates issued are two different metrics and that while the number of rebates decreased this year, he does not expect the number of actual EV sales to be affected.

Catherine Young asked if LMI incentives would take into account the declining wages that have been caused by the COVID-19 pandemic. Anthony Cherolis weighed in, stating that in his work for Transport Hartford he has noticed the community experiencing significant



unemployment and underemployment and that states that he doesn't know how LMI incentive uptake will be affected specifically, but he expects that the community will be impacted well into 2021 and beyond. Paul Farrell emphasized that since this is a new program, data will be collected and recorded periodically to assess its impact.

Craig Peters asked about why the incentive levels for both new and used PHEVs are the same amount (\$500). Paul Farrell responded that that value was just a carryover from new to used, and the used EV incentive is only going to go to the LMI rebate, so LMI consumers will be the driving factor to stimulate purchases of PHEVs.

Chris Nevers commented on how powerful the impact of converting a pickup truck drivers to an electric vehicle is with respect to CO₂ emissions. He highlights that batteries used in these larger EVs have second use life potential where they can be used as backup in home units. He expressed support in Connecticut's partaking in the Medium-Duty/Heavy Duty MOU.

Mark (unknown last name) inquired about what marketing plan that the state and/or CSE are pursuing to raise consumer awareness about the rebate and other EV benefits, such as lower operating costs and total cost of ownership. Paul Farrell and Tracy Babbidge both forwarded this question to John Livermore, whose team is working on this issue. John Livermore stated that the advertising will include informational flyers and other promotional materials for car shoppers, a social media campaign to reach out to folks directly, and available dealer collateral to help dealers to communicate the benefits of EVs to their customers. There will also be webinars held to get the message out about the program.

Next Steps

Members of the CHEAPR board were asked to complete the online poll by Wednesday, December 23rd to vote on program design. Tracy Babbidge stated that the scenario slide will be edited to reflect Barry Kresch's comments and the parameters modeled. If everyone votes on time, the vote will conclude before the holidays. Tracy Babbidge highlighted that DEEP staff is available to provide any support needed to board members to answer any questions that they may have as the program design is being finalized.

.At 2:00 PM, the meeting adjourned.