



December 16, 2021

To the CHEAPR Board:

The CT EV Coalition welcomes the opportunity to present these comments regarding the need for improvements to the CHEAPR incentive program in order for it to begin to realize its potential and serve as a meaningful driver of Connecticut's efforts to meet our electric vehicle deployment and greenhouse gas reduction obligations.

The CHEAPR program is pacing to underspend this year, as it did last year. Rebates through October total \$1,394,500, which projects to a bit short of \$1,700,000 on an annualized basis. The program at ten months into the year is 44% underspent when compared to a straight-line pacing of its statutory \$3,000,000 annual budget and 68% if the rollover funds are counted.¹

The Connecticut program is underperforming in relation to its modest budget and compared to similar EV incentive programs in neighboring states, such as Massachusetts and New York. Between January 2021 and September 2021, the Massachusetts MORE EV program reserved or issued 4,142 rebates.² During that same period, New York issued 14,486 rebates.³ The Connecticut CHEAPR program, by contrast, issued just 1,201 rebates.⁴ Even accounting for differences in population and total vehicle registrations, Connecticut's performance is not commensurate with its neighbors, operating at a third the rate of the New York program and half the rate of the Massachusetts program.

The program also appears to be falling short of its goal to facilitate EV adoption by low-income households through the new and used Rebate+ incentives. Since the inception of the new incentive tier, there have been only 3 Rebate+ incentives awarded - 2 for new vehicles, and 1 for a used vehicle.

The program has also shifted heavily toward PHEVs. In October, 70% of the rebates were used for PHEVs.⁵ While PHEVs save less emissions, they may represent a good entry-level vehicle choice for new EV adopters so we do not recommend eliminating rebates for these vehicles entirely. However, the trend of more rebates going to PHEVs than BEVs is troubling. Some of the PHEV battery packs are quite small

¹ An available budget of \$5,200,000 was used in calculating the underspending including rollover funds. The budget calculations do not include dealer incentives and administrative costs.

² MOR-EV program statistics available at <https://mor-ev.org/program-statistics>.

³ New York Drive Clean Rebate for Electric Cars, "Primary Statistics" webpage available at <https://www.nyserda.ny.gov/All-Programs/Drive-Clean-Rebate/Rebate-Data/Rebate-Stats>.

⁴ CHEAPR "Statistics" webpage available at <https://portal.ct.gov/DEEP/Air/Mobile-Sources/CHEAPR/CHEAPR---Program-Statistics>. Note that, due to the limitations of the website's reporting methodology, the Connecticut analysis includes all rebates issued between December 28, 2020 and October 12, 2021. Accordingly, the reporting period used for Connecticut is approximately two weeks greater than the comparable reporting periods used for Massachusetts and New York (January through September).

⁵ CHEAPR "Statistics" webpage available at <https://portal.ct.gov/DEEP/Air/Mobile-Sources/CHEAPR/CHEAPR---Program-Statistics>. Over the course of the past ten months, however, the ratio has been 56% PHEV and 44% BEV rebates.



with limited range. Perhaps the Board could consider scaling incentives for the *least efficient* PHEVs, such as those that get less than 30 miles of electric range.⁶

Below are the Board considerations and program changes that the CT EV Coalition recommends:

Raise the MSRP cap. As suggested in our earlier comments to the Board, the MSRP cap should be raised to at least \$50K to make more BEVs eligible. This is an issue that has been raised at multiple Board meetings by stakeholders and members of the public. As it currently stands, the rebate program excludes several popular vehicle models.

Higher incentive levels should be extended into 2022. Given the availability of previously unspent funds that rolled-over into the program, the Board provided for a temporary 50% increase in rebate levels, beginning on June 7, 2021 and set to expire on December 31, 2021 “or until the funds are exhausted, whichever comes first.”⁷ Since the program is still tracking to be significantly underspent, we recommend maintaining the increased incentive levels indefinitely.

Change the income limits and rebate processing methodology for the Rebate+ incentive. It seems clear that the current criteria are too restrictive and are not encouraging participation in the EV market. What is not clear is whether it is the income limit for program participation or the ‘post-sale’ eligibility verification and rebate processing that is hindering participation.

With respect to the rebate processing, the Rebate+ incentive adder should be made available at the point-of-sale through a “pre-qualification process” that allows the full value of the applicable rebate to be applied at the time of sale. As noted during debate on the Rebate+ proposal, low-income consumers are least able to “float” a post-hoc rebate. For many consumers, the eventuality of the rebate “adder” may be completely immaterial to whether they are in a position to purchase a vehicle or not.

The current eligibility threshold for participation in the CHEAPR Rebate+ program is participation in a state or federal income qualified program.⁸ By contrast, California sets the threshold for increased rebates at a household income less than or equal to 400 percent of the federal poverty level.⁹ If it appears that the income verification and/or specific income limit is the impediment to more robust program participation, we recommend that the Board explore alternative income limits that will better serve the goals of the program.

Make all used EVs eligible for the used incentive. As currently structured, eligibility for the used EV rebate is restricted only to vehicles manufactured since the program's inception and which would have been eligible for the program if new.¹⁰ This eligibility restriction is at cross-purposes with the goal of the

⁶ This would impact 8 out of 12 eligible PHEVs for the new vehicle rebate. Setting the threshold range at 20 miles would impact 2 of 12 eligible PHEVs. See CHEAPR “Eligible New Vehicles” web page at <https://portal.ct.gov/DEEP/Air/Mobile-Sources/CHEAPR/CHEAPR---New-Eligible-Vehicles#vehicles>.

⁷ CHEAPR Program Implementation Manual at 8.

⁸ A list of Rebate+ qualifying programs can be found at <https://portal.ct.gov/-/media/DEEP/air/mobile/CHEAPR/CHEAPR---Rebate-Plus---Qualifying-State-and-Federal-Programs.pdf>.

⁹ California Clean Vehicle Rebate Project, “Income Eligibility” webpage available at <https://cleanvehiclerebate.org/eng/income-eligibility#increased>

¹⁰ See CHEAPR “Eligible Used Vehicles” web page at <https://portal.ct.gov/DEEP/Air/Mobile-Sources/CHEAPR/CHEAPR---Used-Eligible-Vehicles>.

used EV incentive, which is to make clean electric vehicles available to low-income households. The current eligibility restriction eliminates vehicles older than model year 2015, thereby removing the very vehicles that might be the most affordable for low-income purchasers.

Communications, Marketing, and Outreach Concerns.

- Given the lackluster program performance over the last year, the CT EV Coalition respectfully requests that the Board perform a formal evaluation of the program’s communications, marketing, and outreach efforts.
 - As part of this effort, we also recommend that the Board explore opportunities to better engage with both new and used automotive retailers and improve dealer implementation of the rebate program. We have received anecdotal evidence of retailers telling a consumer that they have to file for the rebate after the purchase, rather than providing the rebate at the point-of-sale. We have also heard of retailer’s waiting until they have been reimbursed by the state to provide the consumer with their rebate.
- The CHEAPR website could have a more consumer-friendly design. We recommend that the Board survey public-facing EV incentive websites and incorporate best practices into the CHEAPR website. At a minimum, the home page should include the most important basic information for consumers, such as simplified program requirements, the MSRP cap, etc.¹¹ To this point, note that the current [Frequently Asked Questions](#) link on the homepage is currently simply looping back to the home page rather than the FAQ.
- We recommend that the CHEAPR program take a page from the Massachusetts and New York programs, and include data regarding the number of EV rebates issued by specific retailers on its website.¹²

Messaging should reflect realistic rebates for consumers. The program home page states that a consumer can receive a rebate of up to \$9500, which is not possible. Other messaging states that it “enables the purchaser or lessee of an eligible electric vehicle (EV) to receive a rebate of up to \$7,000 contingent upon availability of funds.”¹³ Elsewhere, it is noted that “incentives of up to \$7500 are available for eligible used vehicles purchased from a licensed Connecticut automobile dealership.”¹⁴ The eligible “EVs” to which this refers are Fuel Cell Electric Vehicles (‘FCEVs’). However, there are currently no FCEVs for sale in the state. In fact, it appears that no state other than California has *any* registered FCEVs (and California’s FCEV registrations represent only 0.17 percent of the state’s market).¹⁵

¹¹ See, e.g., New Jersey’s website at <https://chargeup.njcleanenergy.com>.

¹² See MOR-EV Program Statistics, “Top EV Retailers by Rebates” available at [MOR-EV Program Statistics | MOR-EV](#); Drive Clean Rebate Program Statistics, “Rebates by Dealer” at <https://www.nyserda.ny.gov/All-Programs/Drive-Clean-Rebate/Rebate-Data/Rebate-Stats>.

¹³ CHEAPR Program Implementation Manual at 3 (June 7, 2021).

¹⁴ CHEAPR “Rebate+ New and Used EV Incentives” information page Available at <https://portal.ct.gov/DEEP/Air/Mobile-Sources/CHEAPR/CHEAPR---Rebate-Plus>.

¹⁵ Alliance for Automotive Innovation, Get Connected: Electric Vehicle Quarterly Report Second Quarter 2021 at 5. Available at [Get Connected Electric Vehicle Quarterly Report Q2 2021.pdf \(autosinnovate.org\)](#).



It does not serve consumers well to emphasize, in advertising the program, an incentive that nobody has ever received, and which is, in fact, not possible to receive due to the unavailability of eligible vehicles. Consumers would be better served if the program marketing focused on the level of rebates that consumers are actually likely to receive.

Board Membership and Appointments. We note that there appears to be four appointments to the Board still outstanding. Of these four appointments, one is a general appointment, one is to be a representative of an association representing automotive retailers in the state, and two are to represent an industrial fleet or a transportation company.

Given that fulfilling the appointment of an automotive retail association representative would result in two Board positions being occupied by automotive dealers, we respectfully recommend that one of the remaining Board vacancies be filled by a representative of an electric vehicle manufacturing company not represented by an in-state automotive retail dealership, and that another vacancy be filled by a representative of electric vehicle consumers.

We thank you for your consideration.

Respectfully submitted,

The Connecticut Electric Vehicle Coalition