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Rachel Sakata

Oregon Department of Environmental Quality

700 NE Multnomah Street, Suite 600

Portland, OR 97232

Submitted online

**Comments Addressing the “Notice of Proposed Rulemaking –
Electric Vehicle Rebates 2018”**

Dear Ms. Sakata,

The Center for Sustainable Energy® (CSE; www.energycenter.org) appreciates the opportunity to offer comments regarding the Oregon Department of Environmental Quality’s (DEQ’s) proposed rules to establish the Oregon Zero-Emission and Electric Vehicle Rebate Program.

CSE is a mission-driven nonprofit organization accelerating the adoption of clean energy and transportation technologies. We provide program administration, on-the-ground implementation, technical assistance, and policy advisement. In clean transportation, we work with vehicle consumers; state, regional, and local governments; dealers, automakers, and auto associations; charging suppliers and utilities; public and private planners; and other stakeholders to support the transition to electric vehicles and a sustainable energy future. As a nonprofit administrator and advisor, CSE serves as a trusted resource helping government agencies implement successful technology programs that use public funds appropriately and in the best interests of consumers.

CSE applauds DEQ’s leadership, transparency, and stakeholder engagement as it endeavors to launch a key component in the state’s plan to meet its zero-emission vehicle (ZEV) and greenhouse gas reduction goals, such as those outlined in Governor’s Brown Executive Order No. 17-21. The rulemaking is on track to create an Electric Vehicle (EV) Rebate Program that will increase Oregonians’ access to, and adoption of, EVs. CSE is also pleased to see the state is prioritizing equity by incorporating the Charge Ahead rebates from the onset of the program.

CSE provides the following comments based on our experience administering statewide electric vehicle rebate programs in four states: California, Connecticut, Massachusetts, and New York. Program administration in these states spans: consumer education and outreach; dealer engagement; applicant assistance, rebate

processing, and payment; consumer research; and program design, tracking, and evaluation. In three of the states, the dealer plays a role in submitting the rebate application, creating the opportunity for a point-of-sale reduction in the EV purchase/lease price.

CSE offers comments in the following areas:

1. Overall Program Design & Mechanics (OAR 340-270-0010 through -0300)
2. Charge Ahead Rebate Design (OAR 340-270-0400 through -0500)
3. Education and Outreach
4. Data Transparency and Evaluation

Overall Program Design & Mechanics

Oregon Administrative Rule (OAR) 340-270-0020: Effective Dates

- I. CSE recognizes that, in the spirit of responsive implementation of House Bill (HB) 2017, Phase 1 applications are already being accepted, and that consumers will need to submit Phase 2 applications once program eligibility and requirements have been established. This phased approach will necessitate clear communication with consumers and dealers, as well as careful program quality control and assurance. These factors increase the importance of dealer and consumer outreach and make customer service capacity a key element of program launch and ongoing success.

OAR 340-270-0030: Definitions and Abbreviations

- II. CSE supports a definition of “electric range”—throughout the rulemaking¹ and for all technology types—to be both all-electric (i.e., not “equivalent” or blended) and based upon U.S. Environmental Protection Agency (EPA) ratings. This will provide clarity and consistency in the determination of eligibility and program impact. CSE further recommends that electric range thresholds be defined and communicated using publicly available sources (e.g., using the combined city/highway numbers available at fuelconomy.gov, or other sources to which consumers can be referred) so that consumers can easily understand and access information about current and future vehicle eligibility.
- III. CSE recommends increasing the minimum electric range required for plug-in hybrid electric vehicles² (PHEVs) to 20 all-electric, U.S. EPA-rated miles. CSE recognizes that 1) diversity of product choice, and 2) increasing consumer familiarity and comfort with the behavior of plugging in their vehicles (regardless of the resultant range) are both important factors to the market success of EVs. However, the recommended change will focus the use of public funds away from vehicles that may provide less clear public and private benefits (e.g., inadequate motivation to plug in frequently) and toward more clearly impactful vehicles. A 20-mile minimum is more consistent with the goal of zero-emission commuting and with overall EV-market and rebate program trends.

¹ E.g., in subsections (7)(d)(c) and (13)(b)

² Subsection (13)(b)

- IV. Similarly, CSE supports a limit on a vehicle's base manufacturer's suggested retail price (MSRP). This mechanism, while reducing participant choice of certain luxury vehicles, maintains the eligibility of a wide variety of models from all manufacturers while reducing program free-ridership and encouraging responsible use of public funds. Further, an MSRP cap provides similar equity benefits to a consumer income cap without the complexity, cost, and intrusiveness.

OAR 340-270-0110: Amount of Zero-Emission Vehicle Standard Rebates

- V. CSE supports DEQ's proposal to establish rebate amounts at the maximums allowed by legislation. The research literature and our own analysis of light-duty EV rebate recipients indicates that \$2,500 rebates, and even larger incentive amounts, show the clearest effect, particularly with consumers that need the rebate the most to enter the EV market. Smaller amounts risk being inadequate to overcome the barriers to adoption for a sufficiently wide segment of mainstream consumers. Further, uncertainties about the availability of the federal tax credit (for specific vehicle makes as they sunset this year, and overall) will place more importance on strong state policy signals.

OAR 340-270-0120: Requirements for Zero-Emission Vehicle Standard Rebates

- VI. CSE recommends that DEQ align the language in subsection (1)(c) of this OAR with Section 149 (7)(d) of HB 2017, as follows:

"(c) ~~Intends to retain~~ Retains the registration of the eligible vehicle for a minimum of 24 consecutive months after the purchase or lease date..."

Clear terms and conditions for participants reduce ambiguity during application review and enforcement, regardless of how DEQ ultimately decides to enforce such requirements

- VII. CSE also recommends that DEQ consider increasing the 24-month registration requirement, up to, but not more than 35 months. For example, 30 months would allow dealerships to proactively re-engage with receptive consumers six months before a typical three-year lease fully expires, while also increasing the likelihood rebated EVs stay in Oregon providing benefits to the state. Measures of the state's return on investment and program impact can be highly sensitive to such timeframes. 24-month leases are less common and can be more expensive than financing, hence reducing their importance as a target of public support.
- VIII. CSE suggests that program rules further clarify the option for an eligible consumer to assign the rebate to the dealer, for example, by altering the first sentence of subsection (3) as marked in italics as follows:

"In order to reduce the purchase or lease price of the vehicle at the time of sale, recipients may assign the rebate to a vehicle dealer, or to an original equipment manufacturer, that does not have licensed franchised new automobile dealers in Oregon."

CSE anticipates that the benefit of this option will be reinforced by subsequent program requirements (to be determined) requiring the reduction in price be clearly indicated on the purchase/lease agreement or similar documentation for verification.

- IX. CSE supports annual volume limits on fleet rebates as outlined in subsection (5) of this OAR. This provision will help ensure that program funds primarily benefit individual consumers, while also maintaining a mechanism to support small to mid-sized fleets. CSE recommends that DEQ increase the number of fleet rebates per calendar year to 15 to reflect economies of scale and increase the likelihood of success for a fleet transitioning to EVs. For example, based on our experience as an administrator, we have seen small-sized local governments successfully add 15 or more EVs annually.

CSE notes that even higher annual limits in California have resulted in fleet consumers receiving less than 5% of total rebate funding. However, a fleet-rebate-funding cap or separated fleet funding could be established in conjunction with a 15-per-year limit to mitigate any concerns.

- X. Capped or separated fleet funding would also facilitate the creation of program features that accommodate the differences between individual car shopping and fleet vehicle procurement. Fleet managers typically make their purchase decisions months prior to physically acquiring a vehicle. If they think there will be any disruption in rebate funding by the time an EV is delivered, they will be less likely to order it in the first place. Accordingly, CSE recommends that DEQ give fleets the ability to reserve rebates at least six months in advance of vehicle delivery. Rebate reservations also give fleet managers time to ensure that adequate charging stations are in place prior to vehicle delivery. Lastly, CSE recommends that entities receiving fleet rebates be required to submit annual usage data to measure program effectiveness.

OAR 340-270-0200: Application Review Process

CSE supports the overall process outlined for reviewing rebate applications, and offers some considerations.

- XI. CSE recommends that DEQ reduce the number of days allowed for applicants to supply requested information or documentation, as currently proposed in subsection (3). Our experience indicates that requiring applicants to submit requested information and documentation within 10–14 days of the request, both prompts action while providing an adequate amount of time for response. Longer time periods increase the risk that applicants will fail to follow up.
- XII. CSE also recommends that the timeframe for written explanations of an appeal listed in subsection (4)(b) be reduced from 60 days. For comparison purposes, California’s EV rebate program asks for participants to submit their appeals within 10 days.
- XIII. CSE requests that DEQ clarify the intent of subsection (4)(c). For example, is the intent for an applicant to have one single point of contact throughout the appeal process?
- XIV. Lastly, CSE recommends that appeals to denied applications be handled directly by DEQ and not the third-party program administrator, if DEQ decides to contract one. This reassures the applicant that their appeal is considered by the state agency charged with program oversight and not determined by the same process that led to the denied application.

OAR 340-270-0300: Vehicle Ownership Provision

- XV. This provision states that if vehicle ownership is less than 24 months, the participant “must reimburse DEQ for the entire rebate amount.” CSE recommends pro-rating the required reimbursement to encourage compliance.

Charge Ahead Rebates

OAR 340-270-0400: Charge Ahead Program

- XVI. CSE supports the removal of subsections (2)(b) and (c), if allowed by the recently enrolled HB 4059. Both provisions represent significant barriers to participation *unique* to the Charge Ahead program, for which participants already face substantial barriers to EV adoption.

The requirement to reside in an area with elevated concentrations of air pollutants would present implementation challenges, including: complicated program messaging, increased dealer reluctance, decreased consumer understanding of program eligibility, and increased implementation costs (e.g., customer service support and application systems development).

The requirement that a Charge Ahead rebate applicant must scrap a high-emission vehicle would exclude low- and moderate-income consumers that have a high-emission vehicle that is less than 20 years old, and those who currently do not own a vehicle. More broadly, the requirement complicates the purchase/lease process and increases implementation costs by requiring well-timed coordination amongst multiple parties, verification, etc. We recommend these challenges be addressed by an optional, additional scrappage incentive that can be coordinated with and “stacked on top of” the Charge Ahead rebate.

OAR 340-270-0410: Vehicles Eligible for the Charge Ahead Program

- XVII. CSE recommends that DEQ clarify if new and/or used PHEVs are eligible for Charge Ahead rebates, noting that uptake of PHEVs can be proportionately higher in communities with limited access to charging, longer commutes, in rural communities, and/or by residents of multi-unit dwellings. Although careful consideration of the emissions and deterioration of PHEVs should be taken into account, PHEVs, particularly new PHEVs with at least 20 all-electric miles of capacity, may be an appropriate option to maintain for Charge Ahead rebate recipients.

OAR 340-270-0420: Amount of Charge Ahead Program Rebate

- XVIII. CSE supports DEQ’s proposal to establish the maximum Charge Ahead rebate amount of \$2,500 as allowed by legislation. CSE also appreciates that DEQ is not limiting the number of these rebates as it is permitted to do so by HB 2017. This will help ensure that low- and moderate-income consumers will have greater access to EVs.

OAR 340-270-0430: Requirements for Charge Ahead Program Rebate

- XIX. CSE suggests that the following phrase in italics be added to subsection (1) so that it reads:

“(1) To qualify for a Charge Ahead rebate, an applicant must meet the requirements in OAR 340-270-0120, except that the requirements in OAR 340-270-0120 (1)(a) do not

apply for used vehicles (for which separate criteria will be developed), and the applicant must...”

This clarification will provide dealers and consumers consistent information about *new* vehicle eligibility. Further, it is CSE’s understanding that this will help ensure that Charge Ahead rebate participants buying/leasing new EVs will not receive vehicles with sub-standard construction [340-270-0030 (4)(d)], warranties [(f)], or safety [(g)], or that have MSRPs greater than \$50,000 [(e)].

CSE further recommends the development of program terms requiring that rebated used EV models either were eligible for the standard EV rebate at the time of their original sale/lease, or are a direct model predecessor of an eligible EV. This will provide three categories of benefits: 1) it will help assure that as many of the beneficial vehicle characteristics listed in 340-270-0030 (4)(d), as appropriate, are maintained for Charge Ahead participants; 2) it will provide greater consistency/clarity surrounding vehicle eligibility; and 3) it will avoid the unintended consequence of incentivizing low- and moderate-income consumers to adopt discontinued models that may have inherent problems and/or minimal repair and related support infrastructure.

OAR 340-270-0500: Allocation of Rebate Funding

- XX. CSE supports this proposed rule that, consistent with Section 152(6) of HB 2017, requires at least 10% of available monies be allocated for the Charge Ahead Program. This provides regular access to incentives by low- and moderate-income consumers irrespective of the overall program demand.

Education and Outreach

- XXI. CSE applauds the State of Oregon’s efforts to prioritize outreach to lower income communities by explicitly stating this commitment in Executive Order No. 17-21 and HB 2017. According to Section 150 (14) of HB 2017, DEQ or the contractor selected by DEQ will “conduct community outreach to low-income households, moderate income households and community based organizations” as part of the Charge Ahead Program to “solicit feedback on program implementation” and “take steps to ensure that the program is promoted effectively.” CSE agrees with and supports these provisions mandated by legislation. CSE suggests that these provisions be reflected as an additional subsection (e.g., as OAR 340-270-0440).
- XXII. As a program administrator, CSE conducts outreach in disadvantaged communities and communities of color to inform residents about the program’s rebates for low- and moderate-income consumers. CSE has found that successful education and outreach efforts in these communities should contain the following elements: development of a multi-lingual and culturally sensitive outreach campaign; partnering with community-based organizations (CBOs); and coordination with existing community events (e.g., health and street fairs). CSE’s equity team has partnered with CBOs in lower income communities and has found that these partnerships are key to a program’s success. Meaningful inclusion in program design and implementation activities helps ensure community buy-in and engagement (e.g., higher turnout

to EV test-drive events). Partnering with CBOs also ensures that outreach meets the language, locational, and cultural needs of the targeted communities.

- XXIII. Along with outreach and education activities targeted to lower income communities, CSE also reaches out to general consumers. HB 2017 does not include education and outreach provisions for the standard rebates. CSE thinks that if outreach to general consumers is not conducted, it would be a disservice to the impact of the program and its effectiveness in helping Oregon reach its ZEV and greenhouse gas reduction goals. If DEQ intends for education and outreach activities to be performed for standard rebates, it might consider adding an OAR or subsection to indicate this.

Data Transparency and Evaluation

- XXIV. CSE supports DEQ’s intention “to contract with a third party to ... track program activity,” and for the agency to “analyze rebate amounts on a yearly basis” (page 12 of the “Notice of Proposed Rulemaking”). We recommend that, as a part of this tracking activity, a portion of program data, processed to protect privacy, be made publicly available. The use of public data dashboards, as is common across the four state programs we administer, would help assure Oregonians that funds are being used responsibly and otherwise increase program transparency (see below). Importantly, public-facing data tools improve the relevance and productivity of policymaking related to program implementation.
- XXV. CSE also supports DEQ’s desire to create a program that fosters learning, as demonstrated in OAR 340-270-0120 (2)(f), which will allow for the program team to respectfully implement participant surveys, another common element across states and a valuable program resource.
- XXVI. Careful analysis of survey and rebate data informs planning, program improvement, characterization of participation, and assessment of program impact. Collectively, these “Program Transparency” activities empower internal and external stakeholders to act as an informed EV ecosystem to support broad, impactful EV market transformation.

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Conclusion

CSE appreciates the opportunity to provide comments on the *Notice of Proposed Rulemaking – Electric Vehicle Rebates 2018*. CSE congratulates DEQ on its leadership to create and implement a thoughtful Oregon Zero-Emission and Electric Vehicle Rebate Program, and is pleased to offer our experience as a resource to DEQ. CSE looks forward to continuing to work with DEQ to ensure that this rebate program helps Oregon meet its ZEV and greenhouse gas reduction goals.

Respectfully Submitted,



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