July 26, 2018

Mr. Mitch Bainwol
President and CEO
Alliance of Automobile Manufacturers
Suite 300
803 7th Street, NW
Washington, D.C. 20001

Dear Mr. Bainwol:

As lead environmental agency representatives from states that have adopted the California zero-emission vehicle (ZEV) program, we are writing in response to letters you recently sent to our Governors regarding this vitally important clean air initiative. We appreciate the shared commitment that you expressed on behalf of your member companies to spur the sale of vehicles with alternative powertrains in order to reduce carbon emissions. Transportation is the largest source of greenhouse gas emissions in all of our states, and cars and light-duty trucks are the largest single contributor to these emissions. We cannot meet state climate goals without wide-scale electrification of the passenger car fleet.

We would like to respond to several concerns raised in your letters to our Governors, namely that customers are not choosing to buy ZEVs in sufficient numbers and that state government is not doing its share to promote market growth. First, it is important to address your inaccurate assertion that in order to meet regulatory obligations, 15 percent of all vehicles sold in 2025 in our states will need to be ZEVs. As your members know, the ZEV regulation offers numerous compliance flexibility provisions. The number of vehicles that must be sold can vary significantly from company to company based on the technologies used, electric range of the models they sell, and the availability of banked credits that can be used for compliance purposes. However, the 15 percent figure you cite is an out dated estimate based on first-generation ZEVs with limited electric range. Using the mid-range scenario from California's Advanced Clean Car Midterm Review, the estimated sales percentage across all 10 ZEV states is 7.5 percent of total new light-duty vehicle sales in 2025. Even that number is likely to be high given the steady trend toward longer range models that generate more credits per vehicle sold. In any event, the Auto Alliance's characterization of the underlying regulatory requirement does not accurately speak to the viability of these regulations.

We agree that significant changes in consumer attitudes and continued incentives are needed in the near-term to ensure continued growth of the ZEV market, but strongly disagree with your contention that our states are merely "wishing things will work out." In fact, our states have

implemented a broad range of incentive programs and other market-enabling initiatives in order to accelerate market growth. Some examples include adopting and supporting the adoption of:

- Consumer vehicle purchase incentives;
- Charging infrastructure purchase incentives;
- Fleet purchase incentives;
- Fleet electrification goals;
- Workplace charging programs;
- Residential "time-of-use" electricity rates to reduce charging costs for consumers; and
- Eliminating public utility regulatory barriers to private sector charging infrastructure growth.

Our states recently released an updated Multi-State ZEV Action Plan, available at www.nescaum.org/topics/zero-emission-vehicles, that recommends 80 specific actions for states and other parties to help accelerate market growth in the 2018 – 2021 timeframe. As you are aware, through the *Collaboration for ZEV Success*, our ongoing state/industry partnership to accelerate market growth, the states actively engaged the automobile manufacturers in the development of the plan.

The rapidly increasing diversity of ZEV models being offered for sale at a variety of price points holds great promise for market growth. However, states don't sell cars. Individual automakers and dealers are ultimately responsible for effectively marketing ZEVs. That means ensuring availability of the full range of ZEV models in our states and investing in marketing and brand-specific advertising. As you know, prior to this year, manufacturers could comply with the ZEV regulation in our states by selling vehicles solely in California. Consequently, many ZEV models have been unavailable for sale in the states outside of California, and even where models were available, it was only in low numbers (see Attachment 1). By citing historically low sales in the ZEV states outside California, your letter does not recognize the impact of this important regulatory provision. Moreover, while we are proud of the collaboration between our states and automakers to help raise consumer awareness of ZEV technologies through the brand-neutral *Drive Change. Drive Electric.* campaign, manufacturers have spent very little on brand-specific advertising of ZEVs. The disparity between automaker marketing expenditures on top-selling conventionally fueled vehicles and leading electric vehicles is dramatic (see Attachment 2).

We concur with the Auto Alliance that significant infrastructure investments are needed to keep pace with the growing demand for ZEVs. We are encouraged by the major investments that Electrify America, Tesla and other EVSE companies and some automobile manufacturers are making. In addition, as shown in Attachment 3, utilities in our states are proposing to invest more than $750 million dollars in charging infrastructure and other transportation electrification programs. States have also been doing their share to promote the deployment of infrastructure

through government procurement, as well as through grants, rebates and tax credits offered to consumers, employers, municipalities and others to install charging infrastructure. Further, our states have plans to invest tens of millions of dollars in funding made available through Appendix D of the Volkswagen settlement to deploy ZEV charging and fueling infrastructure. We are working with private sector partners to ensure that, over time, viable business models emerge to drive competition in the retail fueling market for ZEVs.

We agree that states should lead by example through public sector fleet electrification. While your data suggests that, on a percentage basis, government fleet purchases of ZEVs are four times greater in our states compared to the rest of the country, other statements in your letter overlook this progress. According to your chart, government fleet vehicle ZEV sales in our states grew by nearly 6 times between 2013 and 2017.

While much remains to be done to achieve the level of transportation electrification needed to meet state public health and climate goals, we remain confident that manufacturers will be able to comply with ZEV requirements given the many flexibilities contained in the program. Rather than questioning the viability of the ZEV programs with the political leadership in our states, we urge the Auto Alliance and its members to fully commit to the success of these programs, not only by supporting a national policy that promotes increasingly more stringent greenhouse gas emission and fuel economy standards, but also by: offering a full range of electric models in all of the ZEV states, providing adequate sustained funding for effective brand-neutral consumer outreach campaigns, investing in robust brand-specific electric vehicle advertising and marketing, providing dealer training and incentives, and advocating for public utility commission approval of utility transportation electrification programs. There are many opportunities to accelerate electrification of the light-duty vehicle sector, and we look forward to constructive engagement with automobile manufacturers to grow ZEV sales.

Sincerely,

Rob Klee
Commissioner
Connecticut Department of Energy and Environmental Protection

Martin Suuberg
Commissioner
Massachusetts Department of Environmental Protection

Catherine McCabe
Commissioner
New Jersey Department of Environmental Protection

Richard Whitman
Director
Oregon Department of Environmental Quality

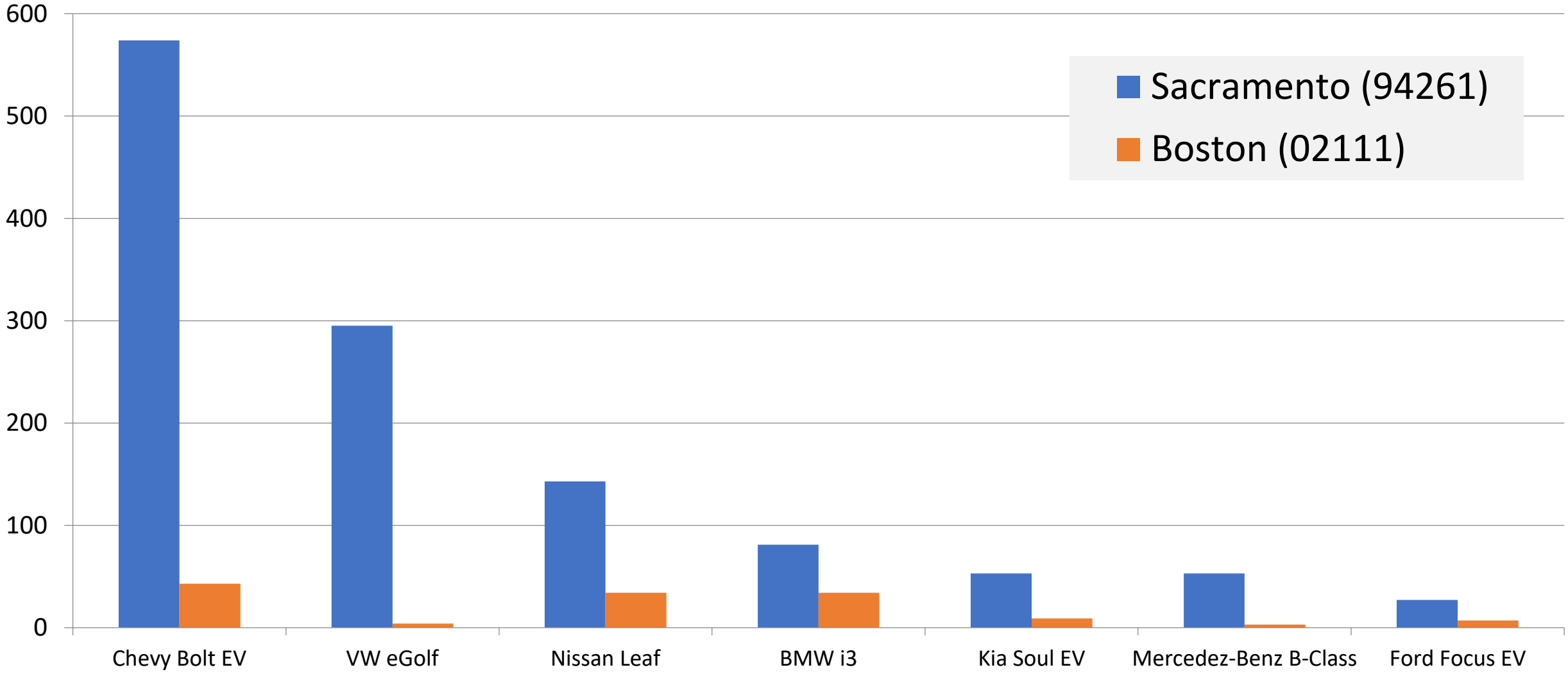
Janet Coit
Commissioner
Rhode Island Department of Environmental Management

Emily Boedecker
Commissioner
Vermont Department of Environmental Conservation

cc: Steve Douglas

Attachment 1

New Vehicles Available within 100 miles: March 11, 2017



Source: Cars.com, accessed 03/11/17, 1-2pm

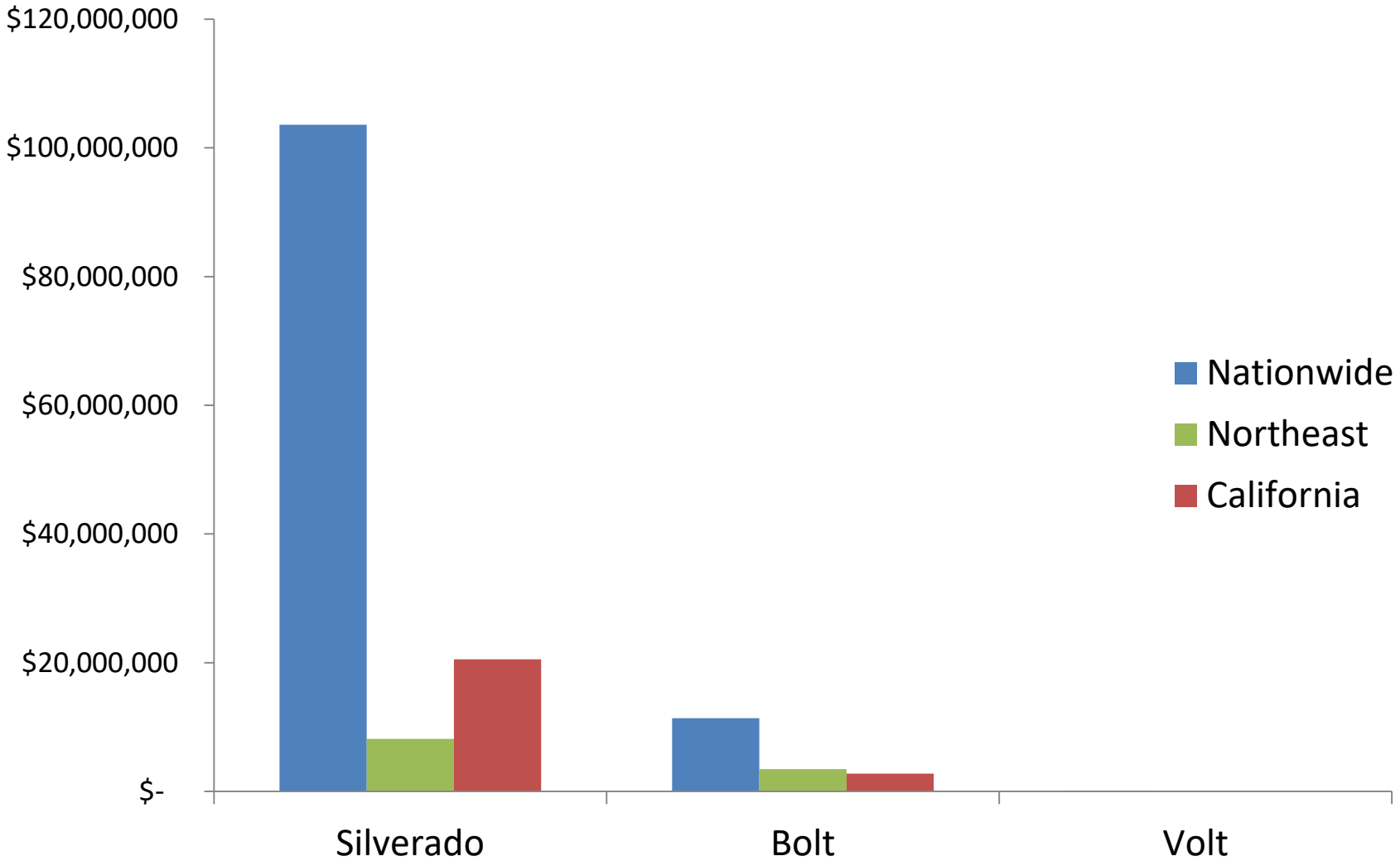
NESCAUM

Attachment 2

2017 Ad Spending

Top Selling ICE Models Compared to ZEV Models

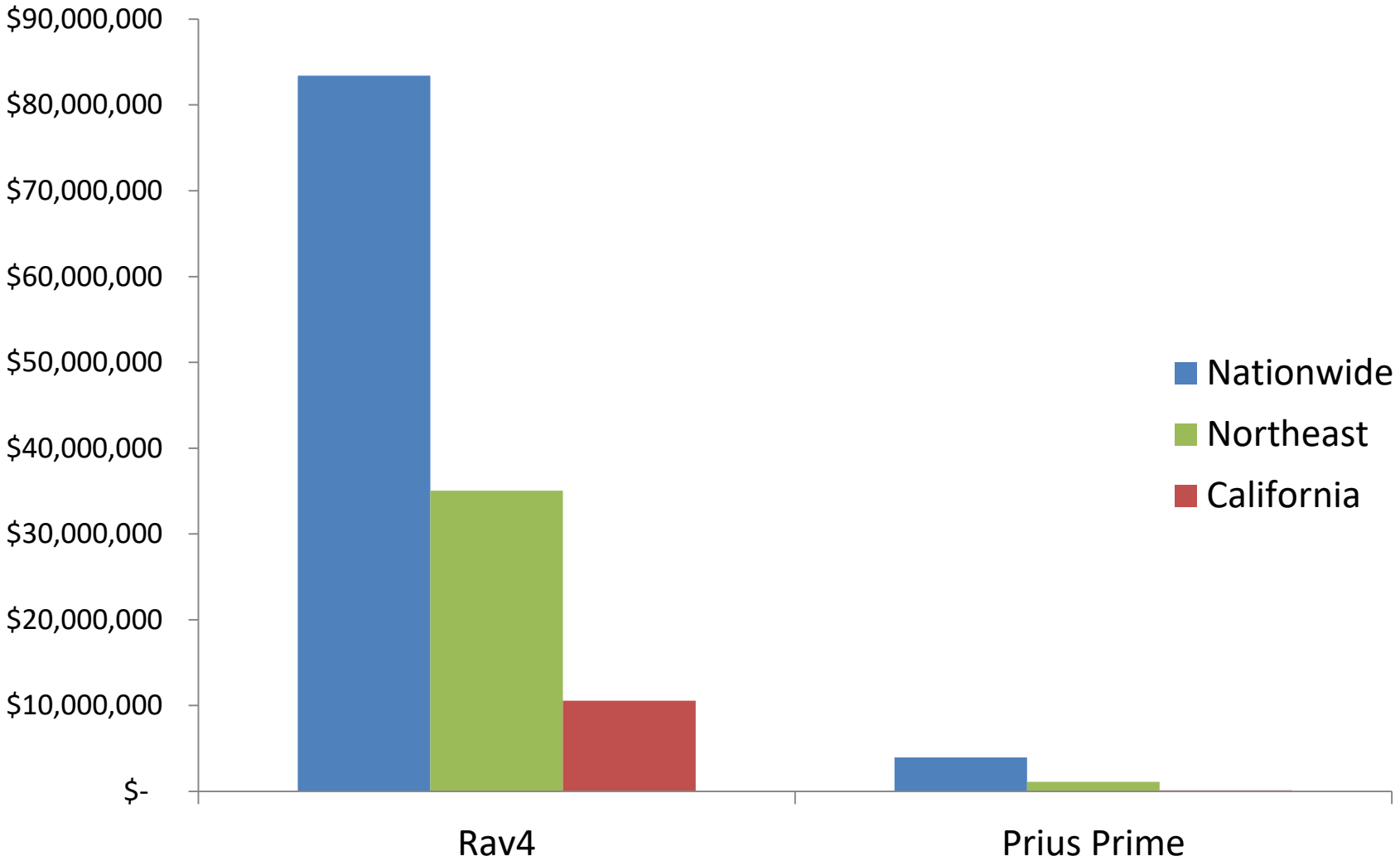
General Motors 2017 Ad Spending, Selected Models



Source data: CompetiTrack. Estimated expenditures for ads run Nationwide and for those in Designated Marketing Areas in California (Bakersfield, Fresno, Los Angeles, Monterey, Palm Springs, Sacramento, San Diego, San Francisco, and Santa Barbara); and Northeast States (Albany, Baltimore, Bangor, Binghamton, Boston, Burlington, Hartford, New York City, Portland, Providence, Rochester, Springfield, Syracuse, and Washington, D.C.). Includes TV, radio, print, and online advertising.

NESCAUM

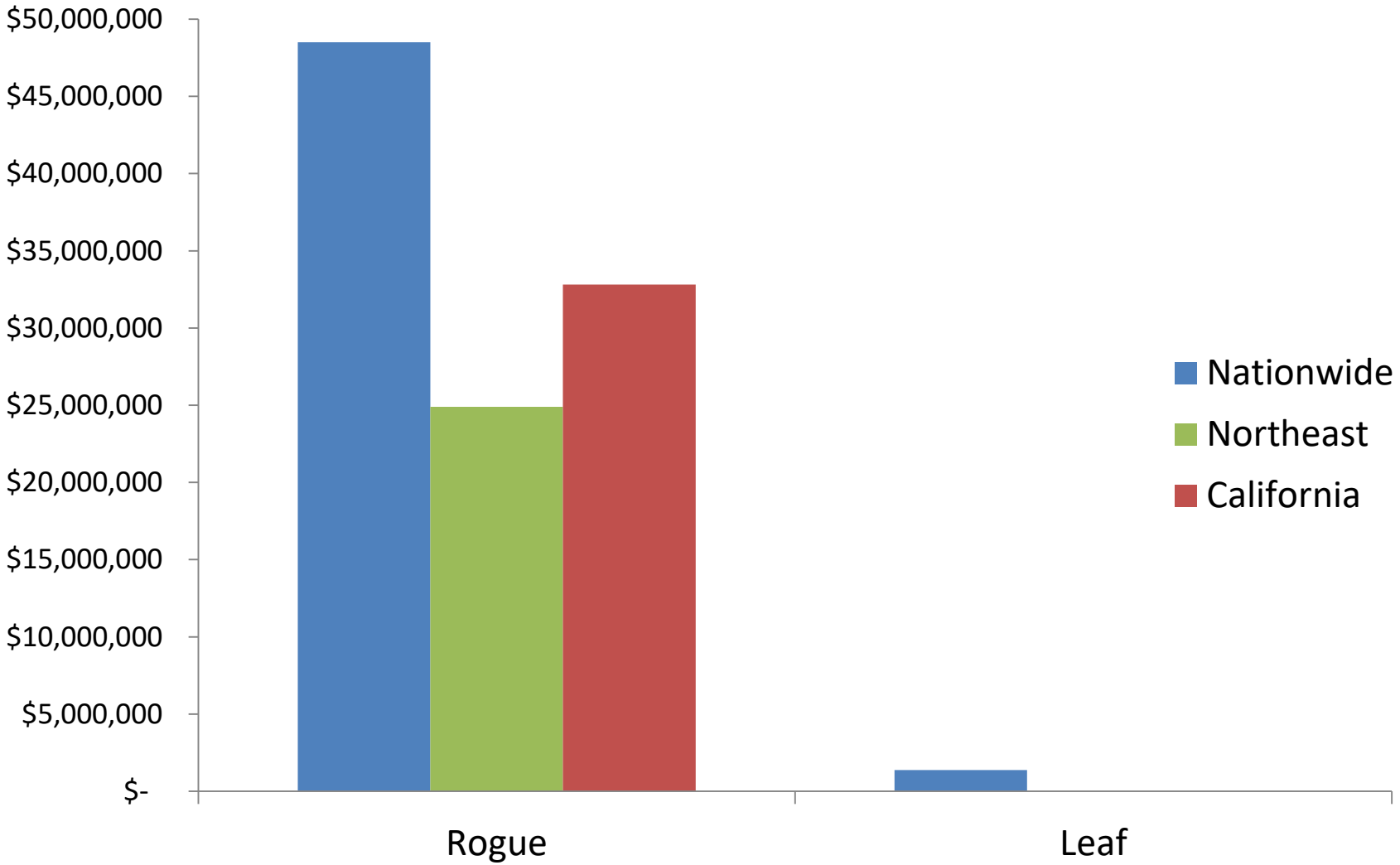
Toyota 2017 Ad Spending, Selected Models



Source data: CompetiTrack. Estimated expenditures for ads run Nationwide and for those in Designated Marketing Areas in California (Bakersfield, Fresno, Los Angeles, Monterey, Palm Springs, Sacramento, San Diego, San Francisco, and Santa Barbara); and Northeast States (Albany, Baltimore, Bangor, Binghamton, Boston, Burlington, Hartford, New York City, Portland, Providence, Rochester, Springfield, Syracuse, and Washington, D.C.). Includes TV, radio, print, and online advertising.

NESCAUM

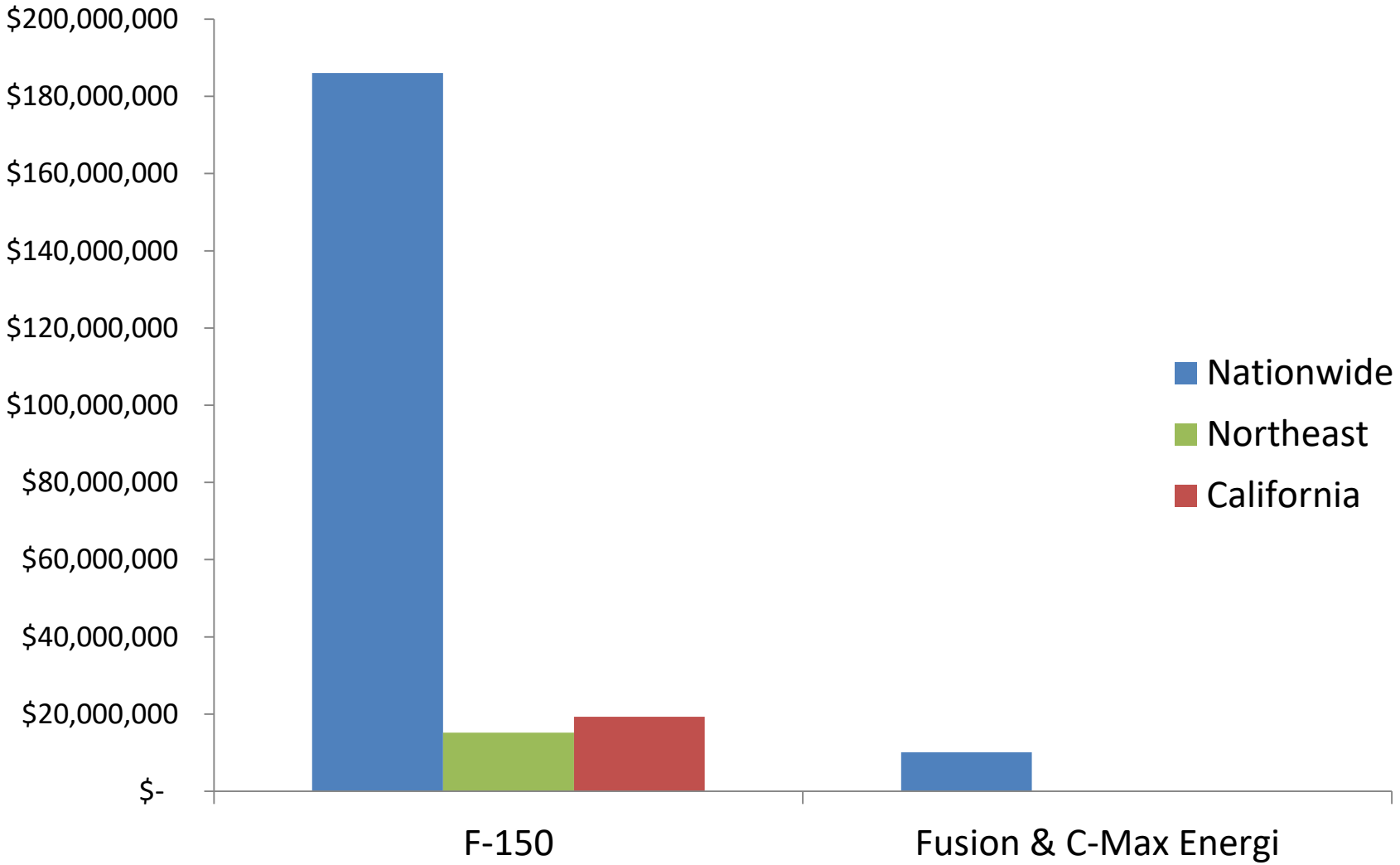
Nissan 2017 Ad Spending, Selected Models



Source data: CompetiTrack. Estimated expenditures for ads run Nationwide and for those in Designated Marketing Areas in California (Bakersfield, Fresno, Los Angeles, Monterey, Palm Springs, Sacramento, San Diego, San Francisco, and Santa Barbara); and Northeast States (Albany, Baltimore, Bangor, Binghamton, Boston, Burlington, Hartford, New York City, Portland, Providence, Rochester, Springfield, Syracuse, and Washington, D.C.). Includes TV, radio, print, and online advertising.

NESCAUM

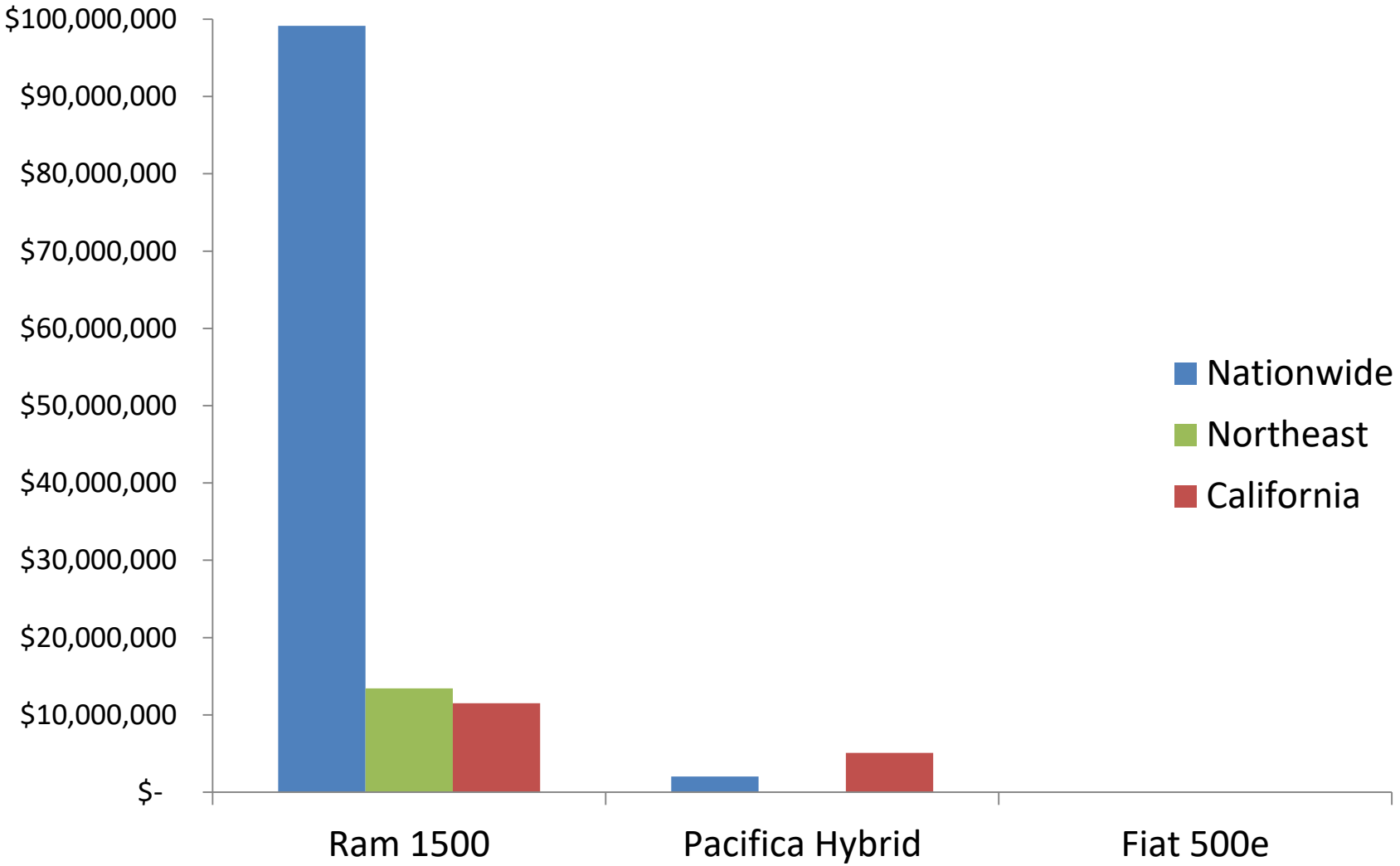
Ford 2017 Ad Spending, Selected Models



Source data: CompetiTrack. Estimated expenditures for ads run Nationwide and for those in Designated Marketing Areas in California (Bakersfield, Fresno, Los Angeles, Monterey, Palm Springs, Sacramento, San Diego, San Francisco, and Santa Barbara); and Northeast States (Albany, Baltimore, Bangor, Binghamton, Boston, Burlington, Hartford, New York City, Portland, Providence, Rochester, Springfield, Syracuse, and Washington, D.C.). Includes TV, radio, print, and online advertising.

NESCAUM

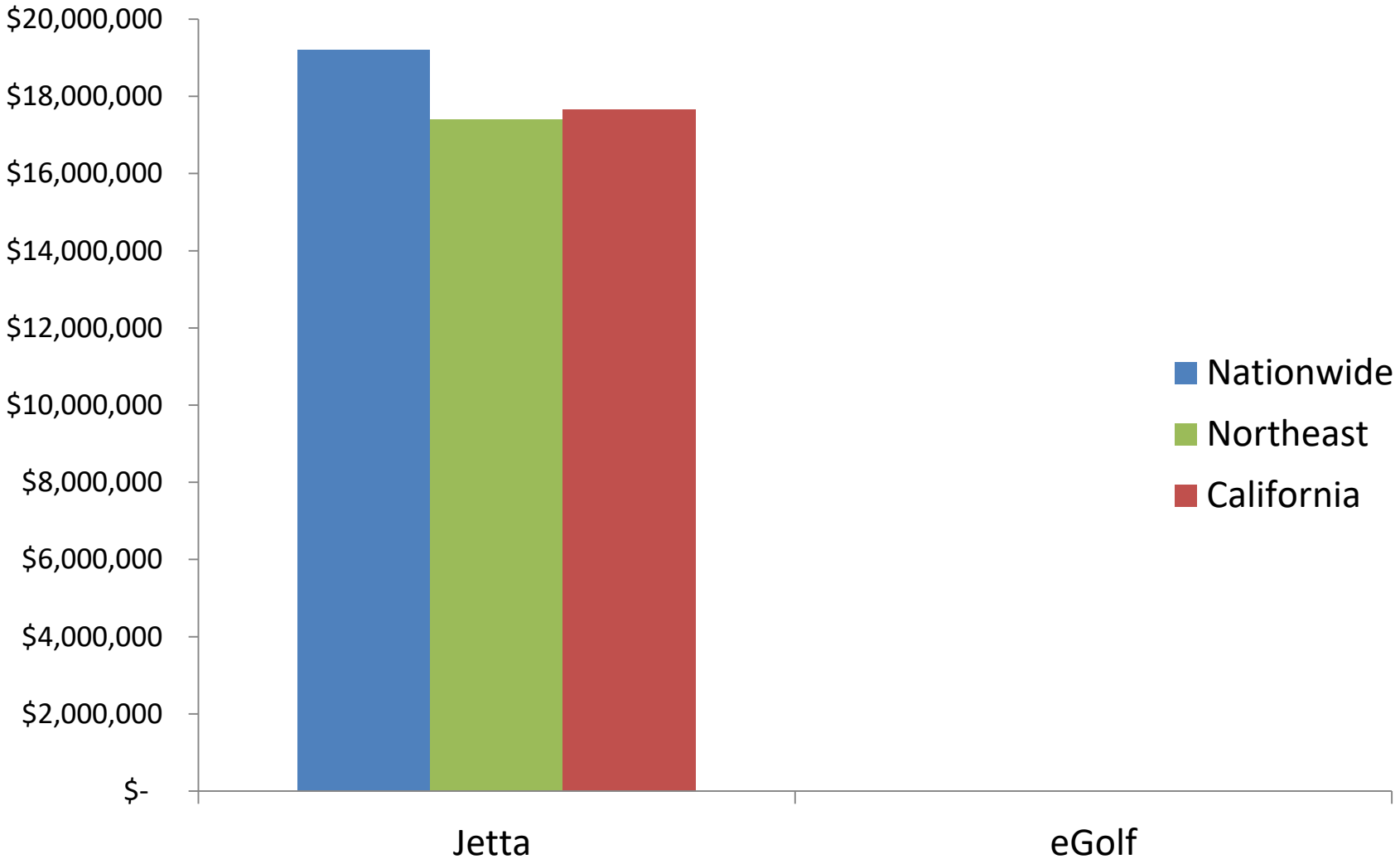
FiatChrysler 2017 Ad Spending, Selected Models



Source data: CompetiTrack. Estimated expenditures for ads run Nationwide and for those in Designated Marketing Areas in California (Bakersfield, Fresno, Los Angeles, Monterey, Palm Springs, Sacramento, San Diego, San Francisco, and Santa Barbara); and Northeast States (Albany, Baltimore, Bangor, Binghamton, Boston, Burlington, Hartford, New York City, Portland, Providence, Rochester, Springfield, Syracuse, and Washington, D.C.). Includes TV, radio, print, and online advertising.

NESCAUM

Volkswagen 2017 Ad Spending, Selected Models



Source data: CompetiTrack. Estimated expenditures for ads run Nationwide and for those in Designated Marketing Areas in California (Bakersfield, Fresno, Los Angeles, Monterey, Palm Springs, Sacramento, San Diego, San Francisco, and Santa Barbara); and Northeast States (Albany, Baltimore, Bangor, Binghamton, Boston, Burlington, Hartford, New York City, Portland, Providence, Rochester, Springfield, Syracuse, and Washington, D.C.). Includes TV, radio, print, and online advertising.

NESCAUM

Attachment 3

Status of Section 177 State Utility Proceedings
June 27, 2018

State	Utility/Subject	Proposal	Status
DE	Delmarva Power & Light	6 TOU rate/infrastructure offerings for residential customers ranging from subsidized L2 chargers at MUDs to 2 highway DCFCs	Evidentiary hearing scheduled in July 2018
D.C.	PEPCO	Initial proposal for $1.7 million infrastructure pilot, including 4 public utility-owned DCFCs and L2 at MUDs; significantly expanded EV proposal under development	Case consolidated with larger grid modernization proceeding in December 2017
MD	BGE	~ 17,500 public, residential, MUD, fleet, workplace chargers over 5 years	PSC proceeding opened in February
	PEPCO	~ 1500 public, residential, workplace, MUD chargers (including 45 DCFCs) over 5 years	
	Delmarva Power & Light	~ 780 L2 residential, MUD, workplace and public chargers and 12 public DCFC	
	Potomac-Edison	~ 2,250 public, residential, MUD, C & I (including 9 DCFCs) over 5 years	
MA	Eversource	$45 million investment in ~ 4,000 L2 ports at 452 and 72 DCFC ports at 36 sites over five years	Approved November 2017
	National Grid	Proposed $24 million investment in ~ 1,200 L2 ports and 80 DCFC ports over three years	Pending
NJ	PSE&G	$300 million investment in charging infrastructure announced	NJ Board of Public Utilities filing expected in 2018
	Atlantic City Electric	Proposed $15 million investment in financial incentives for residential and workplace charging, 30 DCFCs on main transportation corridors and 150 L2 chargers on major roadways in neighborhoods	Pending

NY	National Grid	Expenditure of no less than $2 million and no more than $4 million on EVSE financial incentives	Approved March 15, 2018
	NY Power Authority	$250 million investment in charging infrastructure announced	NY Public Service Commission filing expected in 2018
OR	PGE	SB 1547 Plan - Transit bus charging, expansion of Oregon Electric Avenue, outreach and education pilots	Approved
	Pacific Power	SB 1547 Plan - 7 DCFCs, outreach and education, technical assistance, demonstration projects, alternative rate for demand charges	Approved
	Idaho Power	SB 1547 Plan - Outreach and education program	Pending
	PGE	UM 1826 Plan – Expenditures of revenue from the sale of Clean Fuels Program credits to support transportation electrification	In development; approval expected by end of 2018
	Pacific Power	UM 1826 Plan – Expenditures of revenue from the sale of Clean Fuels Program credits to support transportation electrification	In development; approval expected by end of 2018
RI	National Grid	~ roughly 320 L2 Ports at 40 public, workplace, MUD sites; 19 DCFC ports at 9 public, ride-share, bus, port/airport sites	June 2018 evidentiary hearing scheduled