

Snyder, Catie (ENE)

From: Jennifer Kritzler <jkritzler@calstart.org>
Sent: Tuesday, September 19, 2023 2:43 PM
To: Snyder, Catie (ENE)
Cc: Jordan Stutt; Alissa Burger; Sydney Hayes
Subject: CALSTART Written Comments for the MOR-EV Program
Attachments: CALSTART MOR-EV Comments September 19, 2023.pdf

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Dear Commissioner Mahony, Ms. Snyder, and DOER staff,

Please find attached written comments from CALSTART on the MOR-EV voucher program to be submitted into the written public record.

Kind Regards,
Jennifer Kritzler

Jennifer Kritzler (*she/her*)

Deputy Director, Northeast Region

CALSTART

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Clean Transportation
Technologies and Solutions

www.calstart.org

September 19, 2023

Commissioner Elizabeth Mahony
Massachusetts Department of Energy Resources
100 Cambridge Street
9th Floor
Boston, MA 02114

Dear Commissioner Mahony,

CALSTART appreciates the opportunity to provide comments on the Massachusetts Offers Rebates for Electric Vehicles (MOR-EV) program.

For more than 30 years, it has been CALSTART's mission to develop, assess, and implement large-scale zero-emission transportation solutions to mitigate climate change and support economic growth. CALSTART works with businesses, organizations, governments, and communities to create real-life impacts towards clean air and equitable access to clean transportation for all. CALSTART is active in Massachusetts and across the Northeast Region and is proud to work on MassCEC-funded projects including E-bikes for Environmental Justice, ACT School Bus, and the Mass Fleet Advisor Program.

The MOR-EV program has accelerated the transition to zero-emission vehicles (ZEVs) in Massachusetts, making EVs more affordable for drivers across the Commonwealth. CALSTART commends the Department of Energy Resources (DOER) for its creation of the program, its continuous solicitation of stakeholder input, and its efforts to reform the program to better meet the needs of a wider range of potential EV adopters. Recent changes to the MOR-EV program to provide rebates for used vehicles, to make rebates available at the point of sale, and to offer larger rebates for low-income drivers are all critical steps to create a more equitable program that expands access to low-carbon mobility. CALSTART applauds many of the programmatic designs for MOR-EV, specifically avoiding scrappage requirements, and structuring rebates in a decreasing block structure.

CALSTART applauds the recent changes to the MOR-EV program and will focus its comments on the MOR-EV Trucks program. Robust purchase incentives are particularly important to offset the initial cost differences of medium- and heavy-duty (MHD) ZEVs. Voucher Incentive Programs (VIPs) have proven highly effective in supporting fleet adoption of MHD ZEVs by directly reducing the cost at the time of purchase, leading to a much faster total cost of ownership (TCO) parity with internal combustion engine (ICE) vehicles. CALSTART's recent paper, [*Voucher Incentive Programs: A Tool for Zero-Emission Commercial Vehicle Deployment*](#), provides best practices and lessons learned for effective VIP design.

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While the MOR-EV Trucks program has been valuable in supporting the electrification of MHD vehicles, CALSTART recommends certain program reforms to better align rebate levels with current market conditions and the needs of Massachusetts fleet operators. A comparison of MOR-EV Trucks rebates with similar VIPs in New York and California shows that other states leading the industry in clean transportation are offering larger incentives to electrify MHD vehicles. Additionally, empirical analysis conducted by CALSTART through the Mass Fleet Advisor program demonstrates that higher rebate levels will be necessary to encourage broader fleet electrification across larger vehicle classes.

Comparison of MOR-EV Trucks to New York and California Programs

The California Hybrid Vehicle Incentive Program (HVIP) was established in 2009 by the California Air Resources board (CARB), and currently funds only ZEVs. CARB has established base voucher amounts for all zero-emission MHDVs, which can change from year to year, reflecting market conditions, component costs, and other factors. CARB has prioritized added funding for early adopters of Class 8 drayage trucks and refuse trucks. Public transit agencies are provided additional funding as are public school districts. Fuel cells, which are less technically ready for scaled production, receive a significant bonus. Any vehicle based and used in a California recognized DAC also receives additional funding from the base amount. This specific example highlights the broader point: the VIP model can be designed to accommodate a wide range of policy objectives and funding requirements.

New York Truck Voucher Incentive Program (NYTVIP) was established in 2013 and overhauled in 2019 by the New York State Energy Research and Development Authority (NYSERDA). NYTVIP provides vouchers for the purchase or lease of ZEVs. Voucher amounts are based on a percentage of the incremental cost difference between the ZEV and a comparable diesel vehicle, with a per-vehicle cap. NYTVIP receives funding from several sources, but currently available funds require scrappage.

As compared to both HVIP and NYTVIP base levels, the voucher amount provided by MOR-EV Trucks is significantly lower in each class, leading to a longer total cost of ownership (TCO) cost parity, which is the point during a ZEV lifespan whereby the capital, maintenance, and operating costs become more favorable over a diesel or gasoline vehicle.



Vehicle Class	Base Incentive		
	HVIP	TVIP	MOR-EV Trucks
3	\$ 45,000		\$ 15,000
4	\$ 60,000	\$ 100,000	\$ 30,000
5	\$ 60,000	\$ 110,000	\$ 45,000
6	\$ 80,000	\$ 125,000	\$ 60,000
7	\$ 80,000	\$ 150,000	\$ 75,000
8	\$ 120,000	\$ 185,000	\$ 90,000

Figure 1. Voucher Incentive Level Comparison Table

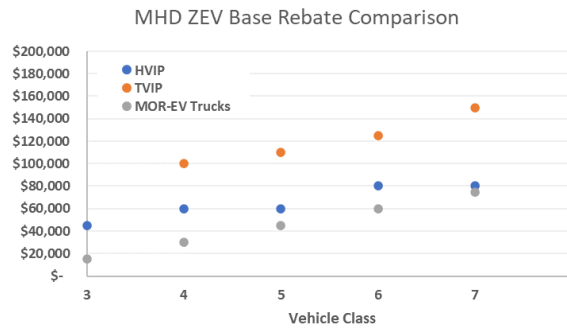


Figure 2. Voucher Incentive Level Chart

Analysis of MOR-EV Trucks Rebates for Mass Fleet Advisor

In support of fleets enrolled in the Mass Fleet Advisor program, CALSTART analyzed the TCO for fleets' current vehicles as well as electric alternatives. This analysis evaluated time required to achieve TCO parity at current MOR-EV Truck incentive levels and with increased MOR-EV Truck rebates. While current rebates are sufficient to encourage fleet electrification in certain vehicle classes and use cases, DOER should offer increased rebates to support broader fleet electrification, particularly for larger vehicles. CALSTART has observed that total annual mileage driven is also a driving factor for TCO, with vehicles amassing more than 10k miles per year having higher favorability for electrification. The following two figures demonstrate the TCO comparison for two example fleets, utilizing the current MOR-EV Truck rebate, as well as a 50% and 75% increased rebate.



Figure 3. Class 4 Box Truck, 10,000 miles per year

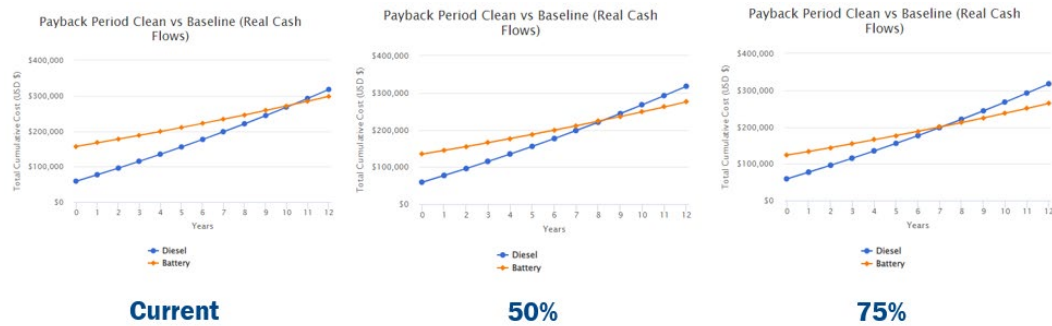


Figure 4. Class 5 Box Truck, 22,000 miles per year

Based on these findings, CALSTART recommends increasing the base MOR-EV Trucks rebates by 50% for Class 3-5 vehicles, and by 75% for class 6-8 vehicles.

Thank you for the opportunity to provide comments today. CALSTART appreciates the Commonwealth's leadership in the clean transportation transition. From adopting the Advanced Clean Trucks rule to the establishment of strong sector decarbonization targets, Massachusetts is setting an ambitious and achievable timeline for the electrification of MHD vehicles. Robust MOR-EV Trucks incentives will be critical to achieving the necessary pace of MHD ZEV deployment, supported by the existing Mass Fleet Advisor technical assistance program.

Sincerely,

Jennifer Kritzler
Deputy Director, Northeast Region
CALSTART
jkritzler@calstart.org

Snyder, Catie (ENE)

From: Rich DeStefano <rich.destefano@gmail.com>
Sent: Monday, September 18, 2023 10:15 AM
To: Snyder, Catie (ENE)
Subject: Subject: Public Comment on 225 CMR 26.00 MOR-EV Program Regulations

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September 18, 2023

Massachusetts Department of Energy Resources

100 Cambridge Street, Suite 1020

Boston, MA 02114

Dear Sir/Madam,

Commendations are in order for the Department of Energy Resources' proactive initiatives with the MOR-EV program, illustrating Massachusetts's dedication to promoting sustainable transportation.

However, I'd like to shed light on the recent inclusion of the destination charge in the Sales Price calculation. The vehicle industry, with its variable delivery lead times—often spanning 30 to 90 days—has placed potential buyers in a challenging position. Those making purchase decisions under previous guidelines could now unintentionally exceed the rebate price limit due to the newly factored destination charge.

It's worth noting that while the destination charge is a legitimate component in the auto industry, it fundamentally covers the costs associated with vehicle transportation from the manufacturing site to dealerships. This fee doesn't encapsulate the intrinsic value, features, or the innovation behind an electric vehicle. Instead, it's an operational cost largely consistent across vehicle types, irrespective of their environmental benefits. Merging this logistical fee with the MSRP might inadvertently misrepresent the genuine value of the vehicle when evaluating rebate qualifications.

I'd like to present two alternative pathways that ensure a balanced approach:

Alternative Considerations:

Removal of the Destination Charge: Given that the destination fee essentially covers the logistics of transporting a vehicle from its manufacturing site to dealerships, it might be prudent to exclude this fee from the core vehicle price. Doing so would present a rebate structure that accurately reflects the vehicle's inherent environmental benefits and technological innovation, without clouding the evaluation with external logistical costs. This approach also aligns with the practices in many other rebate programs across the nation, offering clarity and consistency to potential buyers.

Grace / Transition Period: Recognizing that many residents either ordered vehicles under prior guidelines and are awaiting delivery, or are in the contemplative phase of purchasing, introducing a transition period, preferably of 3 months, would offer these individuals the opportunity to adapt to the new stipulations. This

measure would underscore Massachusetts's commitment to fairness, consumer trust, and environmental sustainability, ensuring that those who began their green journeys in good faith are not unduly penalized. By implementing such a gesture, the state not only illustrates its dedication to a sustainable future but also its deep consideration for the potential disruptions and individual ramifications arising from rapid policy changes.

In closing, while Massachusetts's drive towards a sustainable future is laudable, ensuring policies that are both impactful and fair will solidify the state's reputation as a beacon of balanced progress.

Thank you for your dedication, time, and open ears to the public's voice.

Warm regards,

Richard DeStefano

Groveland, MA

571-449-7250

Snyder, Catie (ENE)

From: Harish Seethapathy <seethapathyharish@gmail.com>
Sent: Monday, September 18, 2023 8:39 AM
To: Snyder, Catie (ENE)
Subject: Testimony MOR-EV Program

CAUTION: This email originated from a sender outside of the Commonwealth of Massachusetts mail system. Do not click on links or open attachments unless you recognize the sender and know the content is safe.

Hi,

Please find attached my comment on the new changes for the MOR-EV program. Thank you for recording my testimony.

Harish Seethapathy
Resident of Chelsea, MA

"As a fervent advocate for electric vehicles (EVs) and clean energy, I applaud the expansion of the MOR-EV program. However, I find the newly introduced eligibility criteria for vehicles to be overly complex and contrary to the program's objectives. The inclusion of destination charges in the Manufacturer's Suggested Retail Price (MSRP), while excluding dealer/manufacturer discounts and markups, presents a significant drawback for Massachusetts residents seeking to purchase EVs.

Destination charges, which are often hidden from consumers when they initially evaluate a vehicle's price, should not burden buyers with the task of deciphering the total cost. Just as the MOR-EV program sensibly excludes registration/title fees and sales tax from its calculations, it should treat destination charges in the same manner.

When it comes to dealer discounts, these price reductions typically reflect factors like the time a car has spent on the lot or minor cosmetic imperfections. If a customer acquires a \$60,000 vehicle for \$54,000, their eligibility should be determined based on the actual value of that specific vehicle. Manufacturers and dealers do not intentionally lower prices for the sole purpose of securing tax rebates; they do so to facilitate sales. Increased EV sales are undeniably beneficial for Massachusetts and the entire nation.

Likewise, excluding markups from the eligibility criteria places an unnecessary burden on consumers. Dealers are incentivized to continue imposing exorbitant markups since these are not factored into the rebate threshold. This arrangement should be reversed, encouraging dealers to reduce markups and thereby promote greater EV adoption.

These recent changes appear to contradict the fundamental principles of the MOR-EV program. I earnestly implore the program administrators to simplify the eligibility criteria by considering only the sales price (the amount paid by the customer) as the

MSRP, excluding destination charges and all other fees. This adjustment would better align with the program's goals and make EV adoption more accessible to Massachusetts residents."



**MOTORCYCLE
INDUSTRY
COUNCIL®**

September 15, 2023

RE: Include electric motorcycles in 225 CMR 26.00 Massachusetts Offers Rebates for Electric Vehicles (MOR-EV) Program Regulations.

Hundreds of companies represented by the Motorcycle Industry Council (MIC)¹, urge that electric motorcycles be eligible for rebates under 225 CMR 26.00 in the Massachusetts Offers Rebates for Electric Vehicles (MOR-EV) Program.

As the regulations are written and the program is currently implemented, light-duty vehicles are eligible for a rebate of at least \$3,500. However, “light-duty vehicle” is defined as a “passenger car, minivan, or other vehicle that is 8,500 pounds GVWR or less, excluding pickup trucks over 6,000 pounds GVWR.” As recent as 2019, zero-emission motorcycles were eligible for a rebate of \$450 under the MOR-EV Program.

Several states extend rebate programs to electric motorcycles, including Illinois. Legislation in Illinois was enacted to establish a rebate program for electric vehicles in 2021 and was quickly amended in 2022 to extend the rebates to electric motorcycles. Currently, the Electric Vehicle Rebate Act offers Illinois residents a rebate of \$4,000 rebate for the purchase of a new or used all-electric vehicle, while all-electric motorcycles are eligible for a \$1,500 rebate. We urge Massachusetts to follow Illinois’ lead and extend electric vehicle rebates to zero-emission motorcycles.

We all recognize the benefits that electric vehicles will have on the environment and on lessening the nation’s dependence on petroleum. Electric motorcycles serve these same purposes and the purchase and use of electric motorcycles should be promoted for the same reasons as the purchase and use of electric passenger vehicles. Further, motorcycles have even more benefits as a transportation mode. They offer an economical and efficient option for everyday transportation needs, while at the same time easing traffic congestion and parking shortages.

With our nation’s highways becoming more and more congested, motorcycles move through traffic far easier than cars and if more drivers would replace their mode of transportation with motorcycles, it would serve to alleviate congestion. Lack of sufficient parking is also a contributing factor to congestion and overcrowded streets in many urban areas. Motorcycles are easy to park and up to four motorcycles or scooters can be parked in the area normally taken up by one automobile.

The use of electric motorcycles should be encouraged every bit as much as the use of electric automobiles. However, without a rebate or tax credit, there are few economic incentives for purchasing electric motorcycles. We urge the Massachusetts Department of Energy Resources to amend the regulations and program to reestablish the zero-emission motorcycle rebate for residents of Massachusetts.

¹ The Motorcycle Industry Council (MIC) is a not-for-profit, national trade association representing several hundred manufacturers, distributors, dealers and retailers of motorcycles, scooters, motorcycle parts, accessories and related goods, and allied trades.

Thank you for your consideration of these comments. Should you have additional questions, please feel free to contact me at 703-416-0444 x3202 or via email at sschloegel@mic.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott P. Schloegel". The signature is fluid and cursive, with the first name "Scott" being more prominent.

Scott P. Schloegel
Senior Vice President, Government Relations

Snyder, Catie (ENE)

From: Bobak Shafiei <bshafiei@gmail.com>
Sent: Friday, September 15, 2023 2:59 PM
To: Snyder, Catie (ENE)
Subject: 225 CMR 26.00 - Public Comments Submission

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Hello!

Generally, this program seems like a great incentive to help encourage EV adoption and offset some of the initial barriers, particularly since the federal tax exemptions exclude many vehicles. My only comment is that the maximum MSRP requirement seems to be set a little bit too low. While many base models fit into the requirement, by the time some options are added – in particular all-wheel drive; essential with our New England winters – the MSRP can quickly exceed this maximum threshold.

Sincerely,
Bobak Shafiei

Snyder, Catie (ENE)

From: Zach Kahn <zkahn@tesla.com>
Sent: Tuesday, September 19, 2023 3:29 PM
To: Snyder, Catie (ENE)
Subject: Comments on 225 CMR 26.00, Massachusetts Offers Rebates for Electric Vehicles (MOR-EV) Program

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Dear Ms. Snyder,

Thank you for providing an opportunity to comment on 225 CMR 26.00, Massachusetts Offers Rebates for Electric Vehicles (MOR-EV) Program (Regulations). The MOR-EV Program has been one of the most successful and well-run incentive programs in the country. Tesla is supportive of many of the changes to the program, including the ICEV Trade-in Vehicle Rebate, the Used Light-duty Vehicle Rebate, the MOR-EV+ Low-income Rebate Adder, and the Environmental Justice Rebate Adder. These are welcome additions to the program that will ensure that MOR-EV continues to be an example for other states to follow. Tesla is also thrilled that this program is moving to permit the rebate to be issued at Point of Sale (POS). POS rebates are a better incentive structure for customers and Tesla quickly adopted the POS option and hopes that implementation of the POS is smooth. We are already engaged with the Center for Sustainable Energy to ensure the POS program is a success.

Tesla does have concerns with how the Regulations are changing how the program defines the Sales Price. The prior definitions were easy to understand and aligned incentives properly. Dealers were incentivized to provide customers with the best price because the final purchase price determined whether the customer was eligible (and did not include destination charges). The new definition, which relies on the MSRP designation regardless of the final price of the vehicle, can lead to perverse unintended outcomes. For example, if a dealer adds a \$4,500 mark up to an EV with a \$54,000 MSRP, the vehicle would qualify for the \$3,500 incentive even though the final price would be over \$55,000. (See <https://lookerstudio.google.com/reporting/7a243d54-2a8d-44f3-a405-ce2a509c1c07/page/3KHic/> for a user generated tracker of mark ups on EVs across the country and a crowdsourced website on markups generally, <https://www.markups.org/>.) The dealer essentially would be taking the incentive as added profit. Alternatively, if a dealer were to give a customer a \$2,000 reduction on a car with a \$56,000 MSRP, that car would NOT be eligible for the incentive, even though the customer's final price is under the \$55,000 threshold. The Commonwealth should want to discourage the first example, while encouraging the second. The program design should support the idea that the state's incentive program can encourage dealers to provide customers with better deals (i.e., a dealer's \$2,000 deal for its customer, essentially provides a \$5,500 actual incentive), which could drive more customers to adopt EVs, an idea very much aligned with Massachusetts' climate goals.

Second, as referenced earlier, MOR-EV has excluded destination fees from the purchase price for several years. The Regulations change that calculus and knocks some models out of eligibility. Further, the change limits customer options (wheels, paint, etc.) in order to keep the price under the eligibility threshold. The Massachusetts legislature has set the MSRP based on the "retail price" of the car. The new regulations make it so the program no longer reflects the retail price. Tesla encourages DOER to return to the prior sales price calculation, including the exclusion of destination fees.

Finally, the release of these program changes has been confusing and has led to negative experiences for many Massachusetts residents. There was little notice given to manufacturers, dealers, or consumers regarding the change in how eligibility is determined. This first public hearing on the subject comes after such changes have been in effect for

nearly 6 weeks. Therefore, we would ask that the state permit customers who purchased an EV in the last 6 weeks to receive the incentive that they rightly believed they were due when they purchased their EV.

Thank you,

Zachary Kahn

Senior Policy Manager, East Region

[530 Route 17 N. Paramus, NJ 07652](#)

E. zkahn@tesla.com T. [201.301.4269](tel:201.301.4269)



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