

March 10, 2016

The Honorable Paul Doyle
Co-Chair Joint Committee on Energy and Technology
300 Capitol Avenue
Room 3900
Hartford, Connecticut 06106

The Honorable Lonnie Reed
Co-Chair Joint Committee on Energy and Technology
300 Capitol Avenue
Room 3900
Hartford, Connecticut 06106

SUBJECT: SUPPORT – RAISED BILL 5510, AN ACT CONCERNING ELECTRIC, ZERO EMISSION AND FUEL CELL ELECTRIC VEHICLES

Dear Senator Doyle and Representative Reed:

The Association of Global Automakers, www.globalautomakers.org, represents international motor vehicle manufacturers, original equipment suppliers, and other automotive-related trade associations. We work with industry leaders, legislators, regulators, and other stakeholders in the United States in order to create public policy that improves motor vehicle safety, encourages technological innovation and protects our planet. In 2015, **our members manufactured 55% of all new motor vehicles and 80% of green technology vehicles sold in Connecticut.**

Our members have a longstanding commitment to improving air quality, reducing greenhouse gas emissions and increasing fuel efficiency. It has been 25 years since our member companies became the first to successfully introduce hybrid electric vehicles into the market, and since then our members have introduced battery electric, plug-in hybrid electric and fuel cell electric vehicles. **Our members are investing heavily in alternative fuel and green technology, and we are proud that the number of Zero Emission Vehicles (“ZEV”), in a variety of options and price points, are increasing every year.**

Global Automakers **supports HB 5510**, and the effort to promote electric vehicle adoption in Connecticut. The bill supports, albeit incrementally, all alternative fuel ZEVs including fuel cell electric vehicles.

Global Automakers has been actively working with stakeholders in Connecticut, who are passionate about building a sustainable ZEV market. We are playing a collaborative role with automotive dealers, environmental and consumer groups, as well as members of the legislative and executive branches of government. We support the Connecticut Hydrogen and Electric Automobile Purchase Rebate (CHEAPR) that offers rebates of up to \$3,000 for Connecticut residents who purchase or lease a new eligible battery electric, fuel cell electric, or plug-in hybrid electric vehicle. This program, along with others in the state including the Electric Vehicle Charger Incentive Program, hydrogen fueling stations grant, and others are all positive steps that the state has taken. **Significant attention, however, work and resources—both in the short and long-term—are needed if Connecticut wants ZEV technology to succeed in the state.**

Connecticut, along with seven other “ZEV Signatory States,” has set an ambitious collective goal of 3.3 million ZEV sales by 2025 under the terms of the Memorandum of Understanding, consistent with existing state regulatory requirements to increase ZEVs in the market. Between 2011 and 2015, around 3,600 ZEVs have been sold in Connecticut. By the end of 2025, the cumulative number of Connecticut ZEV sales required to meet the target is around 155,000.¹ In addition to the difficult challenge of meeting such a significant goal in less than nine years, Connecticut has further promised under the International ZEV Alliance Agreement to make all new passenger vehicles sold in the state ZEVs by no later than 2050.

The marketplace for ZEVs in Connecticut is still in its early stages. Currently, ZEV sales represent about a half of one percent (0.5%) of total new vehicle sales compared to 2.8% in California and 0.6% nationwide.² In 2015, a record number of new vehicles – over 17 million light duty units – were sold. Despite the largest number of cars, sport utility vehicles and trucks being purchased since 2000, and the fact that there were more ZEV offerings in 2015 than ever before, the overall percentage of ZEV sales did not grow in 2015 compared to 2014 and is lower than 2013.

Incentives Accelerate ZEV Sales Growth

Recent studies as well as market sales data repeatedly demonstrate that the best way to stimulate interest and ultimately accelerate ZEV demand is through point-of-sale incentives and rebates. The International Council on Clean Transportation concluded that states with the highest ZEV incentive had ZEV sales two-to-four times greater than the national average.

We respectfully request members of the Connecticut General Assembly consider the following recommendations:

1. Increase resources for the CHEAPR program – For comparison, the state of California is currently investing \$70-80 million annually under its Clean Vehicle Rebate Program to build a sustainable ZEV market. Connecticut should dramatically raise the amount of its annual investment to be, at a minimum, proportionate relative to population and number of vehicles registered in Connecticut compared to California, which equates to around \$7 million dollars annually.

2. Extend the duration of the CHEAPR program - Currently, CHEAPR does not have a dedicated stream of funding or certainty of continuation once funds have depleted. While we have commended the state for diligently refunding CHEAPR on an ad hoc basis based on available funds, Connecticut should commit to a continuous and recurring allocation of funds for CHEAPR until the ZEV market is self-sustainable (i.e., the market has developed to the point where consumers are willing to purchase ZEVs at retail price, and manufacturers are able to produce ZEVs at a revenue-positive cost).

Building a robust and sustainable ZEV market cannot be accomplished by the automobile manufacturers alone; it is a shared responsibility. Substantial and ongoing state support is needed to help grow the market, and even then may not guarantee that the state’s 2025 regulatory requirements and 2050 goals will be reached. The public and private sectors must work together to build the foundation for a ZEV market that is ultimately both organic and sustainable. More importantly, **Connecticut must work collaboratively and collectively with its sister ZEV Signatory States to develop comprehensive, multi-state solutions to meeting the northeast sales targets in advance of the upcoming ZEV mid-term review with the California Air Resources Board.** Exchanging best practices, sharing industry and technical expertise and recognizing the impact of interstate commerce and

¹ Acadia Center, Conservation Law Foundation, and Sierra Club, “Charging Up: The Role of States, Utilities, and the Auto Industry in Dramatically Accelerating Electric Vehicle Adoption in Northeast and Mid-Atlantic States.” 2015. Page 7.

² IHS Global Automotive Vehicle Registration Data, January-December, 2015.



commute of automotive consumers will bring cohesion and consensus to a fractured ZEV implementation strategy.

Global Automakers looks forward to working with members of the Connecticut General Assembly as HB 5510 and other initiatives continue through the legislative process. We are willing to provide additional information and data, or answer any questions the committee may have.

Sincerely,

A handwritten signature in black ink, appearing to read "David J. Garriepy".

David J. Garriepy
Manager
State Government Affairs