

Testimony from Barry Kresch, Westport in support of SB 127

Chairman Lemar, Vice-Chair Cassano, Vice-Chair Simms, and Committee Members. My name is Barry Kresch. I live in Westport, and I am the president of the Electric Vehicle Club of CT. I have been plugging in since 2012. I own a Chevrolet Volt and a Tesla Model 3.

We have just been through a year of severe storms, wildfires, heat, and drought – the avatars of climate change made manifest. I had never heard of a derecho until last year.

We are at an inflection point. The Biden Administration has announced a whole of government approach to combat climate change. Governor Lamont has signed the TCI MOU. Time is not on our side. It is up to all of us to do our part.

Our club supports all EVs. We also support innovation, putting consumers first, clean air, and accelerating the rate of EV adoption in the state. SB 127 checks all these boxes.

The Urgency of Meeting the Goals in the ZEV MOU

- Widespread adoption of electric vehicles will be necessary to meet emissions reduction goals set by CT and everywhere else. This has been widely analyzed and reported by the Union of Concerned Scientists and others.
- CT is falling far short of the goals outlined in the Multistate ZEV Action Plan MOU. There are 13,800 EVs registered in CT as of January 1, 2021. This makes for a steep climb to reach the 2030 goal of 500,000. It would require a compounded annual growth rate of about 49% to get there. In 2020, the growth was just 18%. We need to use all the tools at our disposal to get as many EVs on the road as possible as quickly as possible.
- Admiral Dennis Blair of the Energy Security Leadership Council noted, “States that are open to direct EV sales see adoption rates of up to five times the rates of states that are closed, even in the absence of other direct incentives.”
- The poor air-quality in CT has been well documented by DEEP and the American Lung Association. Every county in CT has a failing grade for ozone levels.
- 38% of emissions in CT are from the transportation sector.

Consumer

- Forcing people to go out of state for shopping and vehicle delivery acts against the interests of CT consumers.
- If a consumer lives in Stonington or Killingly, they must still travel to NY to pick up their vehicle. It could be a round trip of as long as 5 hours. This is simply an unreasonable burden.
- If an EV company does business in CT, the state then is able to ensure that the vehicle is able to get serviced locally.
- The Federal Trade Commission has publicly stated that prohibiting direct sales is anti-consumer.

- I participated in a Facebook Live panel with Congressman Himes, who in speaking about direct sales, said “it shouldn’t be about legacy industries stopping us from innovating in the ways we know we need to innovate.”

Dealers and OEMs

- Dealer franchise laws, passed generations ago, were designed to protect dealers from their affiliated manufacturers.
- Dealers claim that direct sales would lead to widespread job-losses. This simply hasn’t been the case in other states that have permitted direct sales. The Acadia Center published a study documenting this. Even if it were true, our form of capitalism sometimes results in innovators causing pain to existing businesses that fail to adapt. That’s just how the market works.
- CARA claims on its website, and possibly it will come up in their testimony, that Tesla has opened a franchised dealership in VA. This is categorically untrue.
- While the dealers testify about how they support electric vehicles, most of them have done a terrible job selling EVs.
- I see it in the registration data I track. 68% of the net new vehicles added to the DMV registration file for Jan. 1 relative to one year ago were from Tesla. (This is due to a combination of higher rates of acquisition and lower turnover.)
- I analyzed CHEAPR rebates at the dealership level and see most dealerships awarding low numbers of rebates. Only 39% of dealerships awarded at least 10 rebates over the course of the 5+ years of data I examined. There were just 5 that exceeded 100 rebates.
- EV Shopper Studies done by The Sierra Club and others have consistently found poor performance on the part of most dealerships when it comes to selling EVs. The most recent Sierra Club study in 2019 found that 74% of dealerships nationally did not have a single EV on the lot.
- Our EV Club did some of the fieldwork for the Sierra Club in CT and found that the problem is more insidious than that. Even when there were EVs present, there was a high incidence of a salesperson attempting to switch-pitch when the shopper inquired about an EV.
- The legacy manufacturers have persistently lobbied for looser emissions regulation. This happened as recently as their successful efforts to get the Trump administration to rollback phase 2 of CAFÉ.

Business Model

- New EV companies have said the dealership model just doesn’t work for them. (Aside from direct sales, I expect to see other models emerging.) A headline in E&E News reads “New EV Makers Swerve to Avoid the Dealership.”
- There are numerous new EV-exclusive manufacturers poised to enter the market, such as Rivian, Lucid, Lordstown, Nikola, Canoo, Nio, Faraday. Rivian, Lucid, and Lordstown have announced direct sales as their model. We expect more.

- Volkswagen in Germany has given up on its dealers and now sells EVs corporately, using the dealers as agents.

Looking Forward

- The transition to a clean energy economy promises to be a huge job creator.
- Allowing these new companies to operate in the state will bring jobs and investment.
- In the bigger picture, CT will benefit to the extent it can position itself as welcoming to new companies and innovative ways of doing business. Using antiquated laws as protectionism works against that.
- I would like to see dealers be a lot more proactive in selling EVs. I find it intellectually dishonest that they speak of their support of EVs while selling very few of them, continuing to milk the cash cows of fuel-inefficient vehicles, all the while forestalling competition. Allowing direct sales will force them to get serious. They may not like to look at it this way, but it just might benefit them in the long run.

Please pass SB 127.

Thank you for your consideration.

Sincerely,

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