



State of Oregon Department of Environmental Quality
Agenda Item D

Electric Vehicle Rebate Amounts

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Introduction

The Electric Vehicle Rebate rulemaking implements House Bill 2017 (2017), which directs DEQ to develop an electric vehicle rebate program. The Electric Vehicle Rebate program is designed to incentivize car owners into purchasing certain types of electric vehicles, thus encouraging a higher adoption of zero emission vehicles.

The program contains two rebate elements – one component provides rebates towards the purchase or lease of a new electric vehicle (referred to as standard rebates). The other component, called Charge Ahead, provides rebates towards the purchase or lease of a new or used electric vehicle if the purchaser is from a low or moderate income household, resides in an area of the state with poor air quality from transportation emissions, and scraps an internal combustion engine car at least 20 years old.

DEQ is convening an advisory committee as part of the rulemaking process to obtain input on different design elements that could be incorporated in the rebate program. After receiving input from the Advisory Committee, DEQ will draft proposed rules. All interested parties will have a chance to comment on the proposed rules during the public notice period in 2018.

Considerations for electric vehicle rebate amounts

To help inform the development of Oregon's program, DEQ has evaluated electric vehicle rebate programs in New York, California, Connecticut and Massachusetts. Summarized below is rebate amount information in these states, as of November 2017.

Summary of Rebate Amounts by State (as of November 2017)				
Type of car	California	Massachusetts	New York	Connecticut ¹
BEV (battery electric vehicle)	\$2500 standard rebate ^{2,3}	\$2500	Scaled based on range for car model: \$2,000 (> 120 miles) \$1700 (40 to 119 miles) \$1100 (20 to 39 miles) \$500 (Less than 20 miles)	\$3000 (> 175 miles) \$2000 (100-174 miles) \$500 (< 100 miles)
	\$4500 low-moderate income rebate	If base MSRP >\$60K, can only receive: \$1000		
PHEV (plug-in hybrid electric vehicle)	\$1500 standard rebate ^{2,3}	\$2500 (>10kWh) \$1500	If MSRP is >\$60K, can only receive: \$500	\$2000 (> 40 miles) \$500 (< 40 miles)
	\$3500 low-moderate income rebate	If base MSRP >\$60K can only receive: \$1000		

Over the course of the program, California has modified their rebate amounts based on demand, availability of funding, improvements in EV technology and legislative direction to increase low and moderate income household participation. The following is a table summarizing program changes:

California Rebate Amounts				
Purchase Date	BEV		PHEV	
	Standard Rebate	Low/Moderate Income Rebate	Standard Rebate	Low/Moderate Income Rebate
Program inception (March 2010)	\$5000		\$3000	
2011 - March 29, 2016	\$2500		\$1500	
March 29 – Oct 31, 2016	\$2500 ²	\$4000	\$1500 ²	\$3000
After Nov 1, 2016	\$2500 ²	\$4500	\$1500 ²	\$3500

DEQ would like input on options to maximize available funding and increase the number of electric vehicle purchases incented by the rebates. Based on latest estimates of hybrid and electric vehicle sales in Oregon, electric vehicle sales have steadily increased as follows:

¹ Cars must have MSRP less than \$60,000

² Rebates are not available to those above a certain income level

³ As of June 30, 2017, they are only paying out low & moderate income rebates. Payment of standard rebate will depend upon availability of additional funding.

Oregon New Vehicle Retail Registrations ⁴		
Year	Electric Vehicles	Hybrids (includes all hybrids)
2014	1281	7937
2015	1540	7106
2016	1842	7274
2017 (through August)	1322	5031

In determining the amount of the rebates, DEQ must consider the following:

- HB 2017 provided \$12 million annually for the EV rebate programs.
- At least 10% must be set aside for the Charge Ahead rebate program.
- Up to 10% can be set aside for DEQ for the cost to implement the program.
- That leaves approximately \$9.6 million to spend on the rebates themselves.

At \$9.6 million per year, DEQ fears that the annual funding may not be sufficient to provide rebates to all electric vehicle purchases if the DEQ allows the maximum rebate amount. As an example, DEQ estimated a projection of battery electric vehicle (BEVs) sales in 2017 to be approximately 2,140 and plug-in hybrid electric vehicles (PHEVs) approximately 1,435. At the maximum rebate of \$2,500 per BEV and \$1,500 per PHEV, Oregon would need over \$7.5 million to provide the rebates.

DEQ also anticipates that sales of electric vehicles will increase as a direct result of the rebate, given data from other states that have implemented similar rebate programs. For example, after New York implemented its electric vehicle rebate program, sales of electric vehicles increased 74 percent when compared to the same period in the previous year without the rebate program. If DEQ were to factor in a 50% increase, there could be as many as 3,200 BEVs and up to 2,150 PHEVs sold pushing the cost of the rebates to \$11.2 million, easily exceeding current available funding.

Given these scenarios, DEQ is considering the following:

- Standard rebates: Offering an amount less than the maximum range (\$2500) as a rebate.
 - Rationale: Providing the maximum amount for standard rebates in Oregon may result in funds running out, based on potential demand and the fact there is a cap of only \$12 million (\$9.6 million after Charge Ahead and implementation costs are accounted for) available to fund the program. In California, due to high demand and consumer interest they have had to restrict rebates based on household income. At this stage in the program California continues to have funding deficits and instituted wait lists because all the funding has been expended.
- Charge Ahead rebates: Offering the maximum amount of \$2500 for Charge Ahead rebates to low and moderate income households offers greater chance of participation success.

⁴ Information from Oregon Auto Dealers Association, November 2017

- **Rationale:** Based on California's experience, they have provided higher rebate amounts since 2016⁵. Offering the highest amount helps incentivize purchases for those who might not otherwise have done so without the rebate.

Consideration of limiting rebate amount based on vehicle driving range

Another option for consideration includes whether to limit the rebate amount based on driving range. In Connecticut, the program originally offered rebate amounts based on car battery size. Starting August 15, 2017, Connecticut changed their criteria to incentivize cars only with higher driving range and modified the rebate amounts. They decreased the rebate amount of the lower driving range cars from \$750 to \$500, lowered the PHEV amount from \$3000 to \$2000 but kept the BEV rebate amounts the same.

DEQ could offer the maximum amount allowed (\$2500) for BEV and PHEV with a battery capacity of 10kWh or more, with a high driving range. Rebate amounts could be less for reduced driving ranges within this category. As technology improves and driving range capacity expands, DEQ can reevaluate these amounts. This would help incent purchasers to the all-electric vehicles, furthering the Oregon's goals to increase adoption of zero emission vehicles.

Alternative formats

Documents can be provided upon request in an alternate format for individuals with disabilities or in a language other than English for people with limited English skills. To request a document in another format or language, call DEQ in Portland at 503-229-5696, or toll-free in Oregon at 1-800-452-4011, ext. 5696; or email deqinfo@deq.state.or.us.

⁵ Rebates amount were originally \$2500 (in 2015), as of November 2017 rebate amounts are \$4500.