



Eric Friedman
Department of Energy Resources
100 Cambridge St., Suite 1020
Boston, MA 02114

Green Energy Consumers Alliance
284 Amory St.
Boston, MA 02130

April 29, 2022

Dear Mr. Friedman;

Thank you very much for the presentation given by the Massachusetts Department of Energy Resources (DOER) to the Zero Emission Vehicle Commission on April 15, 2022. Green Energy Consumers Alliance is a nonprofit organization working to harness the power of energy consumers to speed the transition to a low-carbon future. Since 2016, we have run a consumer-facing program called Drive Green that educates drivers about the benefits of electric vehicles (EVs) and helps Massachusetts residents access EVs through a network of participating dealerships. In that time, we have educated thousands of people and helped over 1,000 go electric. We greatly appreciated the updates on the MOR-EV program, the overview of the cost-effectiveness study, and the new program elements under consideration.

Green Energy Consumers respectfully offers the following comments and recommendations on the next phase of the MOR-EV program, based on our direct experience with consumers and dealers alike.

- 1. Proceed with enabling point-of-sale rebates.** Not all vehicle purchasers are able to pay \$2,500 upfront with the understanding that they will be reimbursed within three months. Making the rebate point-of-sale will make it more accessible to more drivers. We thank DOER for including time to reach out to dealerships before implementing the program and offer our help connecting to dealerships already within the Drive Green program. As DOER finds a third party to manage the program, we encourage that special consideration be given to minimizing the chance that participating dealerships raise their prices once participating.
- 2. Be cautious about reducing the vehicle price cap.** The supply chain issues of the last years have greatly increased the upfront cost of all vehicles, new and used, gas-powered and electric. Many of the most available EV models are right around the current \$50,000 price cap. We encourage DOER to revisit the idea of reducing the cap on a quarterly or annual basis and research the state of the market at each check-in before lowering the cap.
- 3. Limit the MOR-EV program to battery-electric vehicles (BEVs).** We agree with DOER's recommendation to remove plug-in hybrid electric vehicles (PHEVs) from program eligibility. Though PHEVs are an excellent stepping-stone to BEVs for many consumers, given limited



public funds, preference should be given to vehicles with the greatest emissions impact: BEVs. A change such as this would increase the program's overall Benefit-Cost Ratio.

In addition to our response to these proposed changes, we submit the following comments on other items discussed at the April 15 meeting.

1. **Program effectiveness depends on long-term financial sustainability; we need a dedicated funding source.** Throughout our experience running the Drive Green program, the MOR-EV program has several times run out of or been perilously close to running out of funds. These moments decrease consumer confidence in the program and therefore consumer confidence in making the switch to an EV. Both so that consumers can trust that the MOR-EV program will be there for them *and* because the Commonwealth must rapidly accelerate the pace of electrification in the coming years, MOR-EV requires a stable source of funding. We applaud Senate's efforts to direct \$100 million to EV incentives in the Senate climate bill, but it remains to be seen in what will pass this session. In addition to this potential allocation, we support the idea of assessing a modest fee on the sale of new high-MSRP vehicles in Massachusetts to fund a rebate program for EVs. Such a "feebate" system could progressively raise the revenue needed to fund EV rebates moving forward.
2. **Target incentive "adders" to the most polluting vehicles.** MOR-EV funds will have the greatest emissions impact if they replace the most polluting vehicles. National research from the non-profit Coltura demonstrates that the 10% of drivers who use the most gasoline burn nearly one-third of the gasoline used in the US for light-duty vehicles.¹ These "super-users" spend a larger percentage of their household budget on gasoline and have lower average income levels than current EV drivers. Offering a higher incentive to super-users, particularly those that are low-or-moderate income and/or drive used vehicles, would increase the emissions impact of the MOR-EV program.
3. **Rebates are not enough; education and awareness campaigns are key.** Green Energy Consumers interacts with thousands of potential EV drivers every month through our website and event offerings. Drivers from all walks of life are nervous about making the switch to EVs not just because of the upfront cost, but because of a lack of understanding of the benefits and nuances of driving electric. Offering a financial rebate alone will not move many to convert to EVs; the state must invest in education and awareness programs too, as it is doing through the ACT4All grant via the Massachusetts Clean Energy Center (MassCEC), because automakers and car dealers are so far failing to communicate these benefits to the wider public. This is particularly true for underserved communities, specifically low- and moderate-income communities and communities of color, who are not seen by market actors as potential EV owners.
4. **Continue to support fleets and coordinate with other agencies.** We appreciate that DOER has made MOR-EV Truck available to businesses and particularly support the idea of offering a specific incentive to nonprofits who serve low- and moderate-income residents of

¹ For more information, please see: <https://www.coltura.org/gasoline-superusers>



Massachusetts. Based on our experience assisting two non-profit organizations in Massachusetts make an electrification plan for their fleets, we urge DOER to (a) incorporate support on charging infrastructure into any program supporting vehicle purchase and (b) coordinate with other agencies supporting electrification with incentive programs. From the perspective of a fleet operator, it is confusing that there are separate programs supporting electrification at DOER (MOR-EV), MassCEC (Mass Fleet Advisor), and the Massachusetts Department of Environmental Protection (MassEVIP program). Coordination among agencies, particularly on outreach, will help more fleets electrify faster.

Finally, though this letter focuses on the proposed program changes to MOR-EV, we would like to thank DOER for publishing the MOR-EV cost-effectiveness study and offer three comments:

- 1. Though the report calculated the rate of free-ridership, it did not consider the spillover effect.** It is well-documented consumers are influenced by the decisions of their friends and neighbors. Therefore, dollars spent to incentivize one driver to go electric result in that driver's reduced emissions *and* the reduced emissions of people influenced by the driver's decision. The benefit-cost ratio calculated in the report would have been strengthened by incorporating a calculation of spillover effect.
- 2. The report largely excludes important data since 2020.** The MOR-EV program instituted the price-cap, the strongest measure yet implemented to reduce free-ridership, in January 2020. However, most of the report's analysis focuses on the years 2014-2019. We fear that excluding the vehicle purchases since this important change was put in place may skew the conclusions of the report. A price cap of \$50,000, along with limiting rebates to BEVs, will significantly increase the programs BCR.
- 3. One key piece of data was missing.** Ultimately, the emissions impact of the MOR-EV program depends on whether the vehicles purchased are *replacing* existing gas-powered vehicles in a household or *adding* to the number of vehicles. More specifically, the emissions impact depends on how many *miles* of driving are switched from an internal combustion engine to an EV. We encourage future iterations of this report to include data and analysis on this front so that the Commonwealth and advocates alike have a better sense of the true impact of the program.

Thank you very much for the opportunity to provide these comments.

Sincerely,

A handwritten signature in black ink that reads "Larry Chretien". The signature is written in a cursive, slightly slanted style.

Larry Chretien
Executive Director

larry@greenenergyconsumers.org