

## VALLEY CLEAN ENERGY ALLIANCE

### Staff Report – Item 14

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To: Board of Directors

From: Mitch Sears, Executive Officer  
Rebecca Boyles, Director of Customer Care and Marketing  
Sierra Huffman, Program and Community Engagement Analyst

Subject: Electric Vehicle Rebate Pilot Program

Date: May 12, 2022

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#### **RECOMMENDATION**

Review and approve Phase 1 of Valley Clean Energy's Electric Vehicle Rebate Pilot Program.

#### **BACKGROUND**

Our state has been at the forefront of electric vehicle (EV) adoption in the US. As of June 2021, California's EV registrations, including plug-in hybrids and battery electric, total 930,811 vehicles. Battery electric vehicles are nearly half of that total, at 425,300. California has an objective to achieve five million zero-emission vehicles (ZEVs) on the road by 2030 as directed in the Executive Order (E.O. B-48-18). In addition, all new cars and passenger trucks sold in California must be ZEVs by 2035 (E.O. N-79-20). Even with the electronic chip shortage and the coronavirus pandemic, the US has seen EV sales nearly double from 308,000 in 2020 to 608,000 in 2021. California was no exception, as gas prices soared, EVs became the most economic option.

Amid the national and statewide movement in transportation electrification, VCE began developing an EV Rebate Pilot Program in mid-2021. The shift in focus from traditional gas vehicles comes with the recognition of the emissions associated with fossil fuel transportation. The California Air Resources Board identified that nearly 35% of the State's emissions are from the transportation sector. Understanding what EV adoption could mean for the communities it serves, VCE was motivated to explore the most effective ways to increase local EV adoption. VCE designed a program that stacks with existing State EV rebates and incentives, providing VCE customers with additional opportunities to off-set the cost of electric and plug-in hybrid vehicles. Initial research and engagement identified that providing customers with greater financial assistance, especially to those of lower income, could increase the adoption rate of EVs by making it a more feasible financial decision.

Considering the complexities that arise from providing rebates or incentives for electric vehicles, staff is recommending that VCE take a phased approach to the pilot. Phase 1 will

embody a simple, streamlined approach that is straightforward to implement and easy for customers to apply. Phase 1 will provide rebates to VCE customers for new electric vehicles who verify that they have received a rebate from the California Vehicle Rebate Project (CVRP). Low-income applicants will receive a more generous rebate, and higher rebates will be provided to battery EVs as compared to plug-in hybrids. Income criteria and vehicle model eligibility will be based on the CVRP's program standards. Phase 2 will focus on how best to expand vehicle eligibility to include used vehicles, as well as the added value and feasibility of proving a point-of-sale incentive for electric vehicle purchases.

### **PROGRAM DESIGN**

Staff believes that taking a phased approach to this pilot is the best way to provide value while learning more about the intricacies of providing EV rebates. Phase 1 consists of the following elements:

- Outreach/Education:
  - General marketing and specific marketing efforts to reach underserved populations
  - Provide program materials in multiple languages;
  - Conduct direct outreach to low-income housing facilities;
  - Promote the pilot program via print and/or radio
 Budget: \$10k
  
- Rebate amounts:
  - Income-qualified VCE customers would receive \$4,000 for any new qualifying battery or plug-in hybrid EV;
  - All other eligible VCE customers would receive \$2,000 for qualifying new plug-in hybrids or \$2,500 for new battery EVs.
 Budget: \$80k

The EV Rebate Pilot program was designed in consultation with the CAC Programs Task Group and presented to the full CAC at their March and April meetings. The CAC supported the design and provided feedback that outreach to underserved populations should be a priority for the pilot.

### Income Qualified Customers

Staff is seeking Board feedback on the following staff recommendations to ensure that income-qualified customers have equitable access to rebates in the pilot:

1. Income-qualified customer applications are given priority over standard applications. These applications would be in a separate queue and would be processed before standard applications.
2. Income-qualified applicants could fill out a VCE interest form and VCE would consider these rebate funds "on hold" for a period of time providing time for their CVRP application to be processed.

3. 25% of rebate funds in Phase 1 would be reserved for income-qualified applicants. If these reserved funds were not exhausted (or placed “on hold”) in the first 6 months after program launch, the funds would be released for standard applications.

Staff recommends each of the three elements listed above along with the enhanced outreach mentioned earlier in this report. This would ensure that a certain portion of rebate funds would be set aside for income-qualified applications, but if demand is low, those funds will be released for standard applications. Having the ability to release these funds would lessen the risk of concluding phase 1 of the pilot with unused rebate funds.

#### Existing State Rebate Programs

Three state programs and one regional program are providing financial assistance for EVs:

- Clean Vehicle Assistance Program Grant (CVAP)
- Drive Clean Assistance Program (DCAP)
- California Clean Fuel Reward (CCFR)
- Clean Vehicle Rebate Project (CRVP).

Both the CVAP and DCAP provide grants to income-qualified applicants before they purchase an EV. The CCFR is a small automatic incentive that is provided at purchase through eligible dealerships. The CVRP provides a rebate within three to six months after an EV purchase to customers who make less than the high earners cap, with greater rebates provided to low-income applicants.

Staff recommends aligning the VCE EV Rebate Pilot with the CVRP because it differentiates between low- and mid-high income, tracks that the vehicles are kept for at least 30 months, includes a luxury vehicle cap, and has funding at this time. This is the approach Redwood Coast Energy Authority chose for their EV rebate program, for many of the same reasons cited.

Staff will engage customers by participating in EV related webinars, attending local in-person events, and connecting with customers through collateral such as web materials, social media, advertising, and printed information. Webinars/in-person events give customers the opportunity to ask questions about navigating the many rebates and incentives, as well as cover topics on owning and maintaining an EV. Marketing collateral would explain the benefits of owning an EV such as reduced or eliminated gas cost, reducing greenhouse gas emissions, and potential vehicle to grid benefits. Emphasis will be put on engaging low-income customers and disadvantaged communities.

#### **FINANCIAL IMPACT**

Total proposed pilot program budget is \$100,000. This is 57% of the overall VCE programs budget for 2022. A portion of the budget (\$10,000) is allocated to marketing, advertising and customer engagement; while the majority (\$80,000) would be allocated to rebates. A 10% contingency amount (\$10,000), is included to provide flexibility for pilot implementation should demand for rebates be high, consultant program support is needed to supplement staff, etc. Budget for marketing, advertising, customer engagement and as-needed consultant support would be reallocated to rebates if unused within 6 months of phase 1 launch.

**CONCLUSION**

On April 28<sup>th</sup>, the CAC provided program feedback regarding customer eligibility and program equity. In addition to reviewing the program, the CAC supported Staff's recommendation that the Board approve Phase 1 of the pilot.

**ATTACHMENT**

Electric Vehicle Rebates Program Design Form



**Program Preliminary Design/Implementation Form**

**Program Concept: Electric Vehicle (EV) Rebates Pilot**

**Date:** 5/4/22

**Staff Resources and Support:**

Assigned Program Managers: Rebecca Boyles, Sierra Huffman  
 Programs Task Group members: Marsha Baird, David Springer  
 Consultant names: *(potentially; still TBD)* SMUD, Jim Parks, Green Ideals

**Scope:** Develop program infrastructure and disburse rebates for Electric Vehicles to qualifying customers until program funds are exhausted. Income-qualified customers are eligible for higher rebates.

**Timing:** (approximate; pending approval) Announce phase 1 program roll-out after Board approval in Spring 2022. Begin phase 1 of program implementation in May 2022 (pending board approval). Begin providing rebates at the start of implementation, and close rebate application process when funds are exhausted.

**Program Design Criteria Evaluation:**

	Criteria 1	Criteria 2	Criteria 3
Criteria Type	<u>Availability of Funds</u>	<u>Staff Time</u>	<u>Strategic Plan Alignment</u>
<b>Reasoning for Program Score</b>	Scored high; we have internal funds set aside for such programs	Scored high; low impact on staff time. Multiple CCAs have implemented similar programs and found it easy to do, requiring minimal staff time; and we would emulate these programs	Scored medium to high on strategic plan alignment:  <u>Reduces GHG Emissions</u> Higher penetration of EVs in Yolo County would lead to less emissions from transportation  <u>Customer Satisfaction</u> Addresses an issue of importance to customers as stated in a customer survey  <u>Addresses Environmental Justice</u> Addresses the needs of the underserved, underprivileged and/or lower-income customers by making EVs more accessible  <u>Regulatory &amp; Legislative Goals Alignment</u> Aligns with state goals of increasing penetration of EVs in CA  <u>Strategic Partnerships</u> Level of collaboration with local organizations: we could potentially work with California Air Resources Board, EV dealers, Yolo-Solano Air Quality Management District, low-income communities, community-based organizations, and additional stakeholders



**Program Metrics and Goals:**

Metrics: The total number of EVs purchased utilizing VCE’s rebate program; number of EVs purchased and total dollars provided to low-income qualified applicants.

A calculation of avoided or reduced greenhouse gas emissions (GHG) from replacing or substituting gas vehicles with electric transportation. Emissions reductions will be calculated by estimating the number of miles a customer drives annually and comparing the carbon emissions per mile for gas to the emissions per mile for electric. The emissions per mile for electric will derive from the GHG emissions associate with VCE’s energy portfolio. There will be the potential to replace estimates with real customer data on average vehicle miles driven, through optional questions on rebate applications.

Goal: 26 EVs incentivized; including 10 income-qualified recipients

**Proposed Programs Budget:**

Resource	Source	Proposed Budget	\$ Remaining in Program Funds
Rebates	Programs Budget	\$80,000	
Marketing, Education & Advertising	Programs Budget	\$10,000	
Consultants (if applicable)	Programs Budget	\$10,000	
	<b>Total</b>	<b>\$100,000</b>	<b>\$124,000</b>

**Budget details:**

\$2,500 rebate for new or leased vehicles (16 rebates if 50% of budget used). Battery Electric Vehicles (BEV) will qualify for the full rebate of \$2,500, while Plug-In Hybrid Electric Vehicles (PHEV) will receive \$500 less in incentives, totaling to \$2,000.

\$4,000 rebate for income-qualified customers for new or leased vehicles. Low-income customers will not be subjected to lower incentives for PHEVs versus BEVs. All qualified EVs will be eligible to receive



the full incentive amount of \$4,000. (10 rebates if 50% of budget used). Total of 26 BEV rebates given if funding was split 50/50 income-qualified/not.

### **Organizational Goals Addressed:**

Alignment with VCE's Strategic Plan? Yes

- **Goal 3.** Prioritize VCE's community benefits and increase customer satisfaction and retention and;
  - 3.2 **Objective:** *Develop programs and initiatives to better support community goals, including supporting member agency achievement of energy-sector emissions reduction targets.*
  - 3.5 **Objective:** *Develop customer programs and initiatives that prioritize decarbonization, community resiliency and customer savings.*

### **Phase 1 Program Eligibility:**

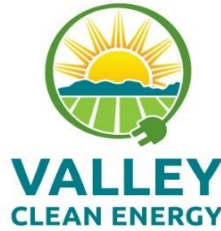
1. Must be a Yolo County resident and an existing customer of Valley Clean Energy; one rebate per household
2. Must apply and be approved by Valley Clean Energy after being approved for a rebate from the Clean Vehicle Rebate Project
  - a. Low-income eligibility requirements set by and verified through the Clean Vehicle Rebate Project
3. Purchase an eligible vehicle:
  - a. New or leased EV
    - i. Model eligibility set by the Clean Vehicle Rebate Project
      1. Includes a luxury vehicle cap, currently set at \$45,000
  - b. Must be a plug-in hybrid or battery powered EV

### **Application Process:**

Applications will be processed on a first-come, first-served basis until the budget is exhausted. If an applicant has been waitlisted by the Clean Vehicle Rebate Project (CVRP) because funds have become temporarily unavailable, VCE will hold program funds for them until their rebate is approved by the CVRP.

Customer applications will be available on VCE website in both English and Spanish. Delivery by email is preferred but applications will also be accepted by mail, fax, or drop-off.

Valley Clean Energy or a contracted 3<sup>rd</sup> party, will provide application support to our interested customers, as well as help them find information on and apply for additional EV rebates, like the Clean Vehicle Assistance Program and Drive Clean Assistance Program. We encourage all applicants, especially low-income, to apply for additional rebate programs.



**Dispersal of funds:**

VCE will write a check using the applicant's information.

**Marketing, Education and Outreach (ME+O) Strategy:**

Promote on social media, website, and evaluate cross-promotion with aligned organizations (e.g. RISE, Inc., Mutual Housing, Grid Alternatives, Davis Electric Vehicle Associations). Potential to initiate targeted mail and/or email campaigns, print or radio advertisement campaigns, as well as create marketing materials for use in car dealerships.

**Board, CAC, PTG Input:**

The Programs Task Group (PTG) has played a fundamental role in the development of this rebate pilot from its conception in early 2021. The PTG supports the pilot's alignment with the Clean Vehicle Rebate Project.

On April 28th, the CAC provided program feedback regarding customer eligibility and program equity. In addition to reviewing the program, the CAC supported Staff's recommendation that the Board approve phase 1 of the pilot

**Next Steps:** Develop full list of eligibility criteria and terms & conditions; expand ME+O materials; implement program.