

Electrifying Transportation

Description:

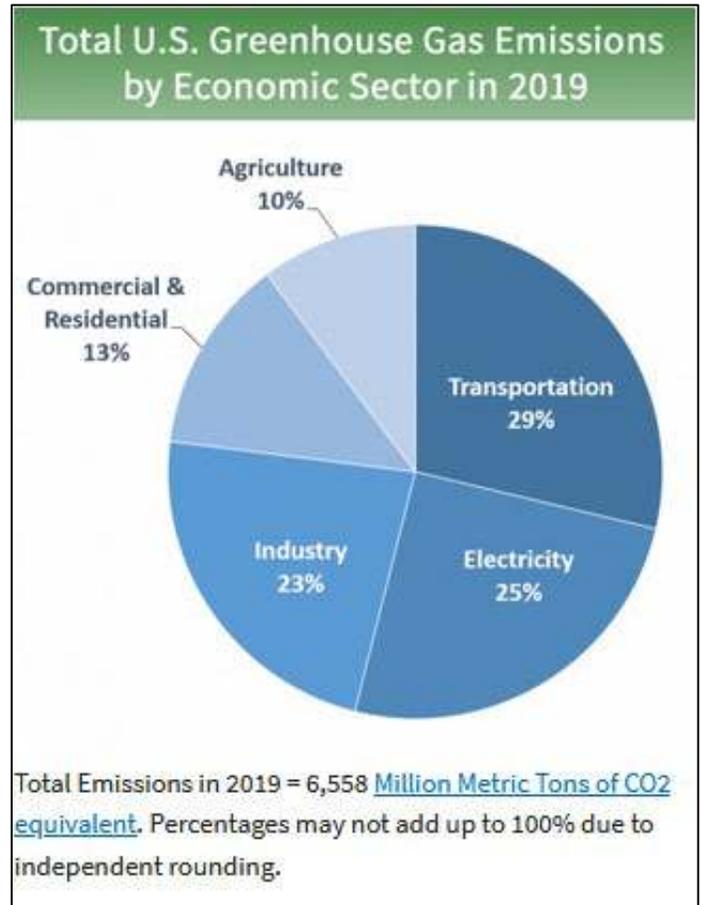
As greenhouse gas (GHG) emissions from electricity generation continue to decline, the transportation sector has surpassed the electric sector as the largest source of GHG emissions in the U.S. There is some debate regarding the impact of electric vehicles (EVs) on GHG emissions. In many cases, it depends on the state. EVs move the emissions profile from mobile sources (individual vehicles) to the stationary emissions source of the power plants providing the electricity. As these emissions get cleaner, the associated emissions of vehicles will also get cleaner. Thus, low GHG emissions associated with the electric sector will result in corresponding low vehicle emissions. The GHG savings in such states will be significant; in other places, the savings will not be as great.

The relationship between the increased adoption of EVs and the availability of EV charging stations is complicated. On the one hand, consumer range anxiety creates a barrier to increased adoption. On the other hand, while greater availability of charging stations would ease this anxiety, the relatively low numbers of vehicles on the road provides little incentive to install and make these stations available to the public. The good news is that both supportive policies for developing charging infrastructure and advancements in technology have eased range anxiety. Bloomberg New Energy Finance [estimates](#) that 58% of all new passenger vehicle sales will be electric by 2040 and that price parity with conventional vehicles will be met for most segments in the mid-2020s.

Discussion:

EV adoption can be incentivized by ensuring that the use of an EV is as or more convenient than the use of a conventional vehicle. There are a number of policies that states can adopt.

1. **Coordinating with Electric Utilities** – Programs that provide access to EV registration data by service territory can enable utilities to plan for shifting demand.
2. **Utility Investment in “Make-Ready” Infrastructure** – “Make-ready” means building and upgrading the infrastructure necessary for the installation of a charging station. The Rocky Mountain Institute (RMI) [recommends](#) that policies providing incentives for utilities to invest in make-ready infrastructure or charging infrastructure itself should be performance-based and encourage investments in locations that are unlikely to be targeted by the private sector, such as low-income and multi-unit dwellings.
3. **Utility-Run Programs** – Charging rate incentives and time of use rates can reduce the cost of electricity used for charging. Eligibility for a charging rate incentive may be limited to users with separate or advanced metering systems. Some utilities also offer financial incentives for the purchase of EVs or EV charging equipment. In some



Source: [U.S. EPA](#)

states, enabling legislation may be required to direct or authorize a public utilities commission to allow regulated utilities to recover the costs of providing these incentives.

4. **Charging Infrastructure Plan** – Locating charging infrastructure is different from locating conventional fueling stations. While some drivers will need to charge more quickly, others will refuel when they are parked for longer periods of time, for example when shopping at the mall or going to work. Charging infrastructure plans should attempt to pair the appropriate level of charging (level 2 or direct current fast charging) with a reasonable amount of time a person will be at that location. Legislation could direct a state agency to develop an infrastructure plan through a stakeholder process. States with existing registration fees for EVs could use a portion of this revenue to fund charging infrastructure development efforts, as [Washington](#) has done.
5. **Parking Infrastructure Requirements** – In tandem with the development of a statewide plan, legislation could set requirements for EV parking infrastructure. Some states have adopted permitting standards for parking lots. [Hawaii](#), for instance, requires that for every 100 parking spaces, there must be at least one EV charging space. States and local governments are also updating building standards and codes to require that new buildings are EV ready, meaning that all conduit and wiring are able to accommodate EV charging equipment. States can also implement programs to provide parking incentives for owners of EVs. Typically, these programs provide access to carpool parking, preferential spaces, reduced fees, and/or access to charging stations.
6. **Rental Properties and HOAs** – Legislation can also make it easier for lessees, renters, and members of a homeowners’ association (HOA) to install charging equipment. Typically, lessors are directed to allow lessees, at their own cost, to install charging systems. In some cases, lessees are required to maintain additional insurance for the system. Legislation related to HOAs typically directs these organizations to avoid restrictions that would inhibit the installation of charging equipment.
7. **Financing and Financial Incentives** – Providing financial incentives and innovative financing options can help increase market penetration of EVs. Sales, property, and income tax credits are some of the simplest methods for addressing the up-front costs of EVs and EV charging equipment. While sales tax credits are typically applied at the time of purchase, property and income tax credits may do less to address upfront cost barriers as receipt of the credit is typically removed in time from the purchase.¹ Some states have adopted other financial incentives including low-interest loans, grants, vouchers, and rebates. A handful of states qualify charging equipment as an eligible improvement under their property assessed clean energy (PACE) programs. A simple solution is to increase and expand existing tax credits to incentivize commercial, publicly available charging stations.
8. **HOV and HOT Incentives** – Allowing EVs to use high-occupancy vehicle (HOV) or high-occupancy toll (HOT) lanes regardless of number of passengers, and without paying the toll may make EV ownership more attractive. Most states require that EVs using these lanes display a decal or particular license plate; others also limit eligibility to certain types of vehicles or to a certain number of vehicles.
9. **Fleet Mandates** – Some states require state agencies to have a fixed or growing percentage of electric, hybrid, and/or alternative fuel vehicles in their fleet. A City of Seattle [study](#) found that the city could save millions by switching to EVs. [Massachusetts](#) required that their fleet be no less than 50% hybrid or alternative fuel vehicles by 2018.
10. **California ZEV** – To ensure that automakers research, develop, and market EVs and other alternative fuel vehicles, the [Zero Emission Vehicle \(ZEV\) program](#) in California requires automakers to sell an increasing percentage of ZEVs within the state. Managed by California Air Resources Board (CARB), the program’s target is 5 million ZEV sales in the state by 2030. The program allows manufacturers to trade credits among regional

¹ A [study](#) by the Congressional Research Service suggests that tax credits are important tools for ensuring increased adoption of alternative-fueled vehicles.

markets (western and eastern) and a variety of classifications of vehicles count toward the target in varying degrees. Twelve states² have adopted California's program.

11. **Federal Congestion Mitigation and Air Quality (CMAQ) Funds** - [CMAQ funds](#) (\$2.49 billion as of fiscal year 2020) are available to states in order to assist their efforts to meet Clean Air Act requirements. [State funds](#) can be used to deploy EV charging infrastructure under the Fixing America's Surface Transportation (FAST) Act. There may be a unique opportunity to pair a request for CMAQ funds with a commitment from utilities to invest in charging infrastructure as a public/private partnership that would leverage the federal investment.

Example State Programs:

States, local governments, and electric utilities offer a variety of incentives to support EVs.

- EV Connecticut:
<https://portal.ct.gov/DEEP/Air/Mobile-Sources/EVConnecticut/EVConnecticut---Incentives>
- Hawaii's EV Parking Infrastructure Requirements:
<http://www.capitol.hawaii.gov/session2012/bills/GM1190.PDF>
- Nevada's Electric Vehicle Supply Equipment (EVSE) Demonstration Program Requirements:
<https://afdc.energy.gov/laws/11856>
- Go Electric Oregon
<https://goelectric.oregon.gov/incentives-rebates>
- Electric Drive Washington:
<http://www.commerce.wa.gov/growing-the-economy/energy/electric-vehicles/>

Regional Collaborations:

Regional collaborations around the U.S. are emerging to coordinate the development and deployment of EVs and EV charging infrastructure.

- In May 2018, 12 states³ and the District of Columbia released the [Northeast Corridor Regional Strategy for Electric Vehicle Charging Infrastructure \(2018-2021\)](#). These states will collaborate to invest in public EV charging infrastructure, promote EV sales across the region, and develop complementary policies and programs. Part of this strategy includes a [public-private partnership](#) with automakers.
- In October 2017, eight states⁴ signed the Regional EV West (REV West) [memorandum of understanding](#) (MOU) to create an Intermountain West EV Corridor. The goal is to develop best practices and voluntary minimum standards for charging stations, expand access to new EVs, and create consistent charging experiences across the region. In December 2019, all eight states signed an MOU [recommitting](#) to the plan and building on the progress to date, which includes over 100 built and 75 planned quick charging stations along routes in the intermountain west.

² Colorado, Connecticut, Maine, Maryland, Massachusetts, New Jersey, New York, Oregon, Rhode Island, Vermont, Virginia, and Washington.

³ Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, and Virginia

⁴ Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, and Wyoming

- The [West Coast Green Highway](#) is an initiative between California, Oregon, and Washington to promote cleaner fuels by installing alternative fueling stations along the Interstate 5 corridor. The effort aims to create a “Corridor of the Future” as a clean, green, and smart highway.
- Established in 2010, the [Transportation and Climate Initiative](#) (TCI) is a regional collaboration of 13 states⁵ and the District of Columbia to promote the use of alternative fuels and create an [EV Corridor](#). Several member states are working together to explore regional policy solutions to reduce transportation sector emissions.

In 2016, the U.S. Department of Transportation established the [Alternative Fuel Corridors](#) network, which is comprised of 46 states and the District of Columbia. Designated corridors are priority areas for EV and natural gas infrastructure under the [CMAQ program](#). The Alternative Fuel Corridors program is intended to:

- Provide an initial opportunity for a formal corridor designation now and in the future on a rolling basis, without a cap on the number of corridors.
- Ensure that corridor designations are selected based on criteria that promote the build-out of a national network.
- Develop national signage and branding to help catalyze applicant and public interest.
- Encourage multi-state and regional cooperation and collaboration.
- Bring together a consortium of stakeholders including state agencies, utilities, alternative fuel providers, and car manufacturers to promote and advance alternative fuel corridor designations in conjunction with the Department of Energy.

Established in response to the Energy Policy Act of 1992, the U.S. Department of Energy’s (DOE) [Clean Cities](#) program supports efforts to reduce the transportation sector’s reliance on petroleum. Among other activities, the program provides technical support, information resources, and infrastructure and vehicle acquisition support to coalition members.

More Information:

- Alternative Fuels Data Center (AFDC), Hybrid and Plug-In Electric Vehicles:
<https://www.afdc.energy.gov/vehicles/electric.html>
- The GridWise Alliance, EVs - Driving Adoption, Capturing Benefits:
<http://gridwise.org/evs-driving-adoption-capturing-benefits/>
- Plug-In America and Sierra Club: AchiEVe: Model State & Local Policies to Accelerate Electric Vehicle Adoption
<https://www.sierraclub.org/sites/www.sierraclub.org/files/blog/AchiEVeModelToolkit2019.pdf>
- The Rocky Mountain Institute (RMI): From Gas to Grid – Building Charging Infrastructure to Power Electric Vehicle Demand:
<https://rmi.org/wp-content/uploads/2017/10/RMI-From-Gas-To-Grid.pdf>
- U.S. Department of Energy, Electric Vehicles: Stakeholder Solution Center:
<https://www.energy.gov/eere/electricvehicles/electric-vehicles-stakeholder-solution-center>
- U.S. Department of Transportation: Federal Funding is Available for Electric Vehicle Charging Infrastructure on the National Highway System:
https://www.fhwa.dot.gov/environment/alternative_fuel_corridors/resources/ev_funding_report_2021.pdf

⁵ Connecticut, Delaware, the District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, North Carolina, Pennsylvania, Rhode Island, Vermont, and Virginia.