



December 18, 2020

The Honorable Chap Petersen, Chairman
Senate Agriculture, Conservation and Natural Resources Committee
district34@senate.virginia.gov

The Honorable Ken Plum, Chairman
House Agriculture, Conservation and Natural Resources Committee
DelKPlum@house.virginia.gov

RE: Zero Emission Vehicle Policy

Dear Chap and Ken:

The Virginia Automobile Dealers Association (VADA) represents the almost 500 new car and truck dealers in the Commonwealth. Dealers are not standing idly by while the industry changes. They are adapting to both new technologies and evolving customer preferences, as they have done for over a century. Dealers understand electric vehicles (EVs) are changing the industry for the better, that they inspire a new way of thinking about transportation, and can help facilitate a cleaner environment. Our dealers fully support EV adoption.

Dealers sell dozens of EV models, and over the next few years more than 100 new models will enter the market from a variety of manufacturers. Our members are making investments in their facilities and people to support the sale of EVs. The auto dealer franchise system ensures consumers will have access to these new models at multiple dealerships in a highly competitive marketplace, to guarantee the best price and quality service.

While our dealers do their part to lead the way on the sale of EVs, we know the Commonwealth can do more.

We understand legislation directing the Air Pollution Control Board to adopt California's vehicle emissions regulations in the Commonwealth will be considered by the General Assembly in the 2021 Session. These regulations are known as the (1.) Low-Emission Vehicle (LEV) Program, which includes criteria and greenhouse gas emissions standards, and the (2.) Zero Emission Vehicle (ZEV) Program, which mandates that manufacturers deliver for sale to their franchised dealers increasing volumes of EVs each year.

The Honorable Chap Petersen
The Honorable Ken Plum
December 18, 2020
Page 2 of 3

VADA has concerns regarding the timing of the adoption of the regulations as well as the adoption of the ZEV mandate without other significant investments to support the EV market. We would suggest the General Assembly create an opportunity for the stakeholders to study the issue and present a comprehensive plan to decrease vehicle emissions in the Commonwealth for consideration in 2022.

Issue 1: Timing of ZEV Mandate Adoption

Significant changes to the regulatory environment are anticipated in the near term. The incoming Biden Administration is expected to reembrace environmental leadership, initiate efforts to reduce nationwide greenhouse gas emissions, and stimulate EV market growth. These federal efforts will likely lead to more EVs and cleaner air.

In addition, California is in the process of updating its regulations, with an eye toward Governor Newsom's goal of banning sales of all gas-powered vehicles by 2035. Whatever the final language, the expectation is that the changes will be substantial. Once codified, this same sales requirement goal will then apply to Virginia if ZEV is adopted.

This uncertainty about future regulations should be considered in the Commonwealth's decision-making. We urge Virginia to wait for the federal action and the updated regulations before adopting the ZEV mandate.

Issue 2: Investment and Incentives Required

Virginia needs to do much more than just adopt these standards to grow EV use. But the ZEV mandate does not increase or ensure consumer *demand*. It only requires increased *volumes* of EVs to be available for sale.

If Virginia wants to emulate California, then the Commonwealth must also match California's investment. A conservative estimate of California's total financial commitment to the EV market – primarily through purchase incentives and infrastructure investment – is roughly \$3.5 billion. Based on vehicle market size proportional to California, Virginia should be committing today no less than \$720 million over the next five years to prepare and grow market demand for EVs. These funds need to be appropriated by the Commonwealth and must happen in advance of any mandate becoming effective.

Most critically, Virginia does not have any consumer vehicle purchase or infrastructure incentives in place to increase the adoption of EVs. Both of these are proven ways to grow customer interest in buying EVs. The addition of state-based incentives, for example, can be persuasive for residents considering purchasing an EV. As past experiences show, it can be detrimental when incentives go away – in New York, electric car sales surged 74% when the state implemented an electric car rebate, and in Georgia, sales dropped 90% when its incentive was phased out.

The Honorable Chap Petersen
The Honorable Ken Plum
December 18, 2020
Page 3 of 3

Additionally, Virginia does not have sufficient charging infrastructure in place to support expanded EV adoption. According to the Alternative Fuels Data Center at the U.S. Department of Energy, Virginia has just over 2,000 public charging stations — compared to over 30,000 in California. Many states provide tax incentives for the installation of public charging stations and private ones at homes or businesses. States like Colorado, Washington, and California are engaging their utility boards to build out electric charging stations to encourage EV adoption. It is no coincidence that these states are some of the best markets for EVs.

In closing, VADA and its dealer members are fully supportive of efforts to increase EV sales, and we must move forward in a smart and effective manner to set up Virginia for success. By providing an opportunity for stakeholders to consider this issue over the coming year, we believe the General Assembly can consider a comprehensive program to address vehicle emissions in the 2022 Session.

Thank you for your consideration of our position. Please do not hesitate to contact us, should we be able to provide any additional information.

Sincerely,



Donald L. Hall
President

cc: The Honorable Dick Saslaw
The Honorable Louise Lucas
The Honorable Tommy Norment
The Honorable Steve Newman

The Honorable Eileen Filler-Corn
The Honorable Charniele Herring
The Honorable Todd Gilbert

Members, Senate Agriculture, Conservation and Natural Resources Committee
Members, House Agriculture, Conservation and Natural Resources Committee