

Effective Incentives for Electric Vehicles in the California Market

Prepared For:
California Electric Transportation
Coalition (CaETC)

Prepared in cooperation with:
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Coalition Partners

Group includes representatives from: auto makers, new car dealers, utilities, non profit groups, consumer groups, air districts

This group came together in as ad hoc allies:

- Support incentives at current rates
- Agree on the need for a 3-5 year plan
- Desire to work together and with policy makers

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Establish Appropriate Goal and Metrics

- Establish a mature and sustainable PEV market in California
- Accelerate the market for PEVs to the maximum extent feasible
- Identify incentives necessary to make PEVs competitive and attractive to all consumers in the new-car market
- Keep in mind what we know:
 - Deployment of PEVs creates jobs in CA
 - PEVs reduce GHG emissions by 75%, criteria and toxic pollutants by over 90%, and get cleaner over time
 - Benefits accrue to all in CA, even those who don't drive a PEV

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Understanding the Competition

JFA considered 3 Categories of Competitor Vehicles:

- Comparable conventional versions of electric vehicles
 - e.g. Honda Fit vs. Honda Fit EV, Ford Focus vs. Ford Focus Electric, Fiat 500 vs. Fiat 500E
- Highly popular mid-size vehicles
 - e.g. Toyota Corolla/Camry, Honda Accord, Chevy Malibu
- Popular hybrid-electric vehicles
 - e.g. Toyota Prius, Honda Insight

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Key findings

Auto industry identifies consumers as attentive to pricing changes –
In-Class Like Models are Very Elastic

In concert with the Federal incentive, what would a \$1,000/\$2,500
incentive do? Considering six major EVs covered by Federal incentive
and on California market:

- Incentives make biggest difference and incentives matter most
at lower vehicle price points
- Incentives below \$1,000 have diminishing impacts on market
acceleration
- PEV prices above \$2,000 relative to conventional vehicles
removes over 90 percent of potential consumers for PEVs