CalETC Coalition Discussion Points

June 2014

We would suggest an alternative proposal for the CARB Board to consider for the CVRP rebate amounts. A $500 cut in the rebate amounts will have significant adverse market implications and may not be needed to stay within budget for the CVRP. Based on market projections done by UCS, utilizing Polk data and with input from the auto makers and utilities, we believe that the market will grow 25%-30% in the 2014/15 timeframe. The $121 million allotted for CVRP is sufficient for this level of market growth in 2014/15. We respectfully request that no rebate reductions be approved in June 2014. We respectfully request consideration of a mid-term review in December 2014. If it is determined during the review that the market growth exceeds the CVRP allotment, then CARB would reduce the rebate amount as little as possible to ensure the lowest adverse impact on the EV market. If there is some oversubscription of the CVRP, less than the approved $30MM wait list provision, this can be accommodated in the successful application of the wait list.

We believe that any modifications to eligibility for CVRP rebates should be determined through the Board and within the context of an open public process. While we respect the thoughtfulness and wisdom of CARB's Executive Officer, these decisions are contentious and have broader political implications, they are not simply technical adjustments.

Assumptions:

CVRP rebates remain at $2,500/$1,500

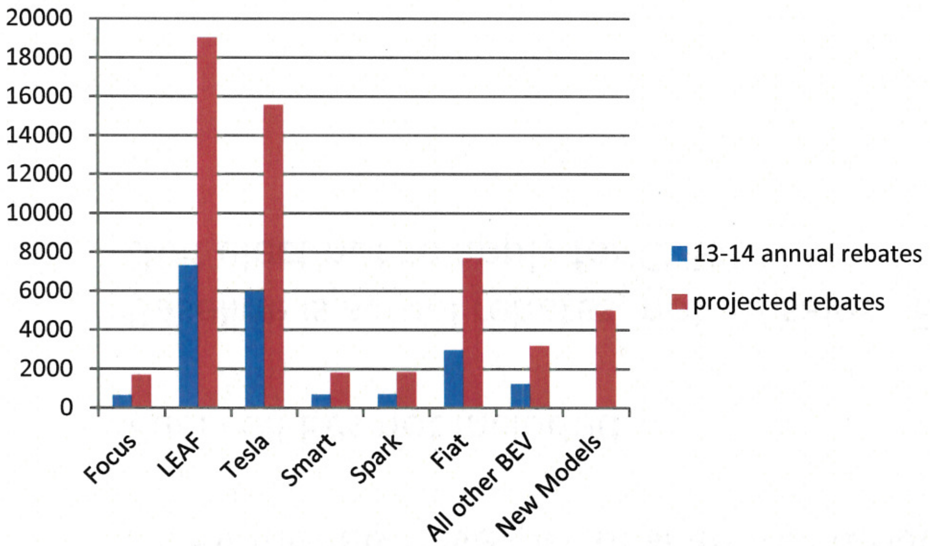
5,000 BEV and 2,000 PHEV rebate applications from new models (introduced after April 2014, such as BMW i3, Kia EV)

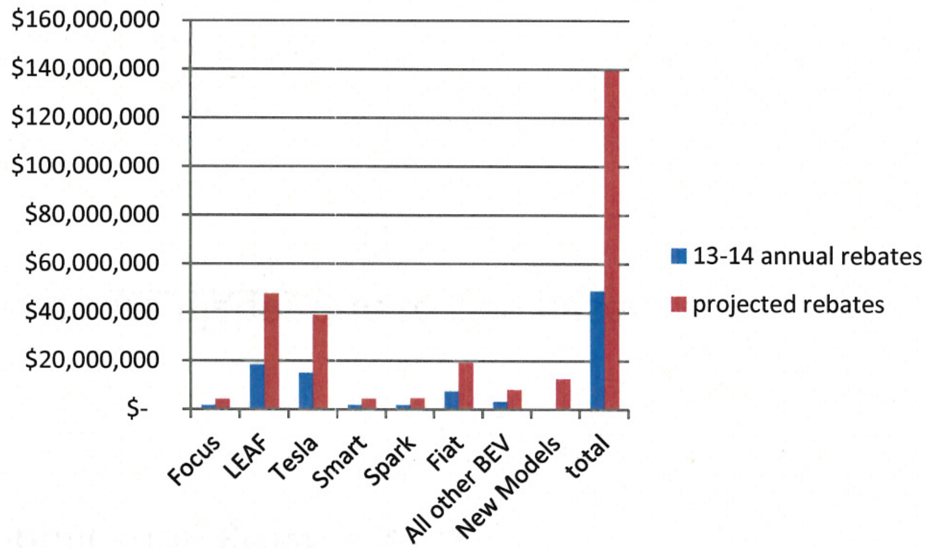
All EV models have identical annual rebate application growth rates.

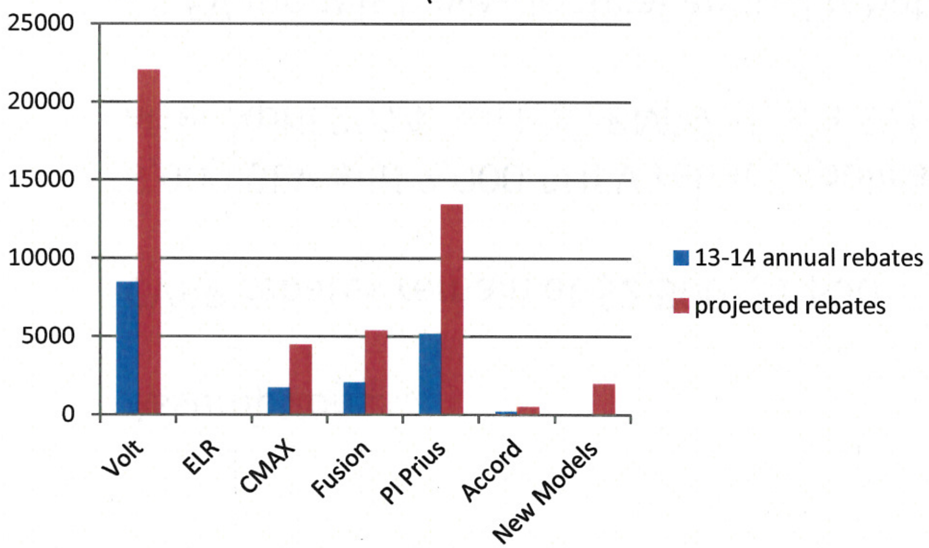
Fuel cell EVs not included

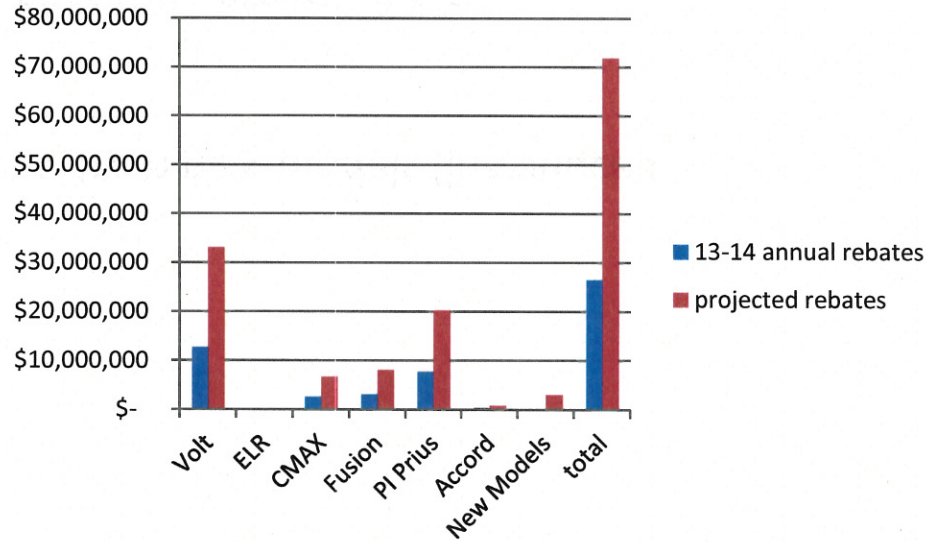
Baseline is actual rebates, not EV sales. EV sales are higher due to purchasers that elect not to apply for CVRP.

Total program cost : $210M, annual growth rate 160%
Program cost consistent with ARB "high" projection



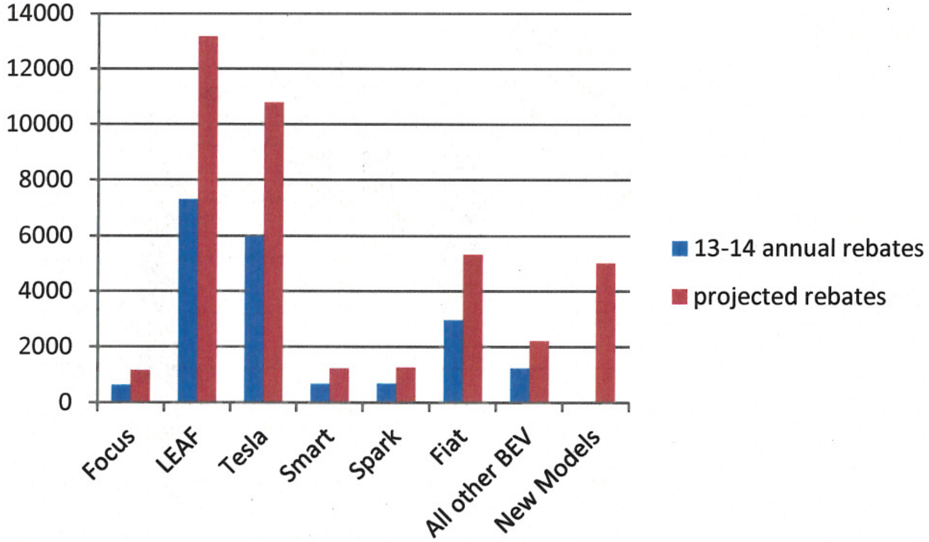


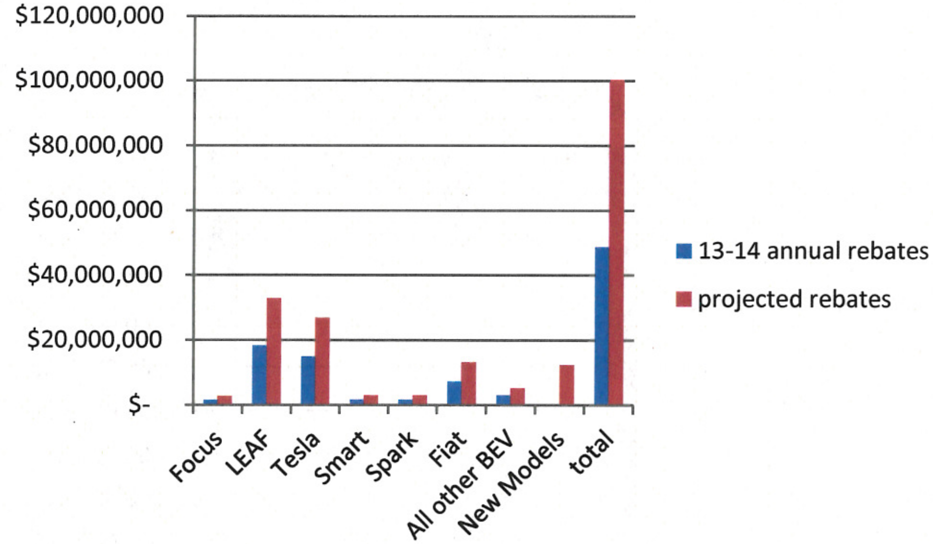


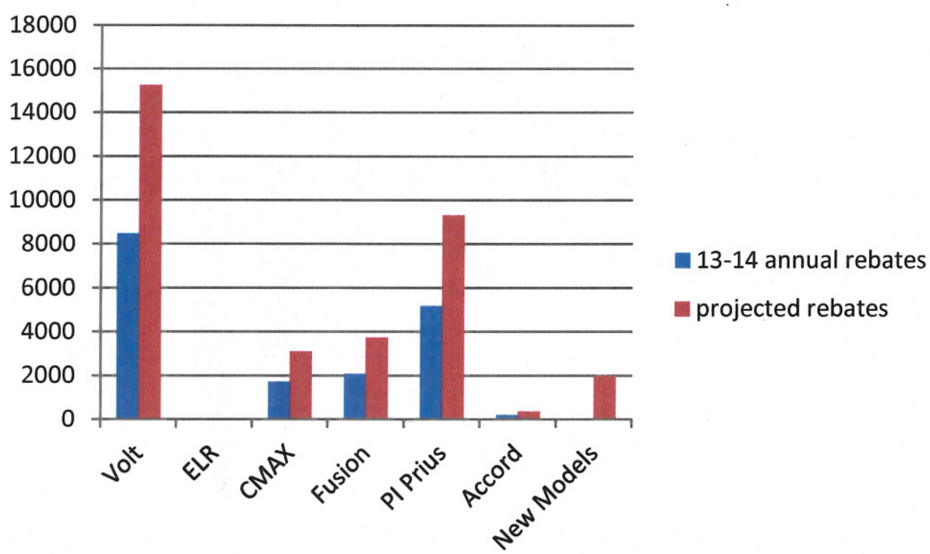


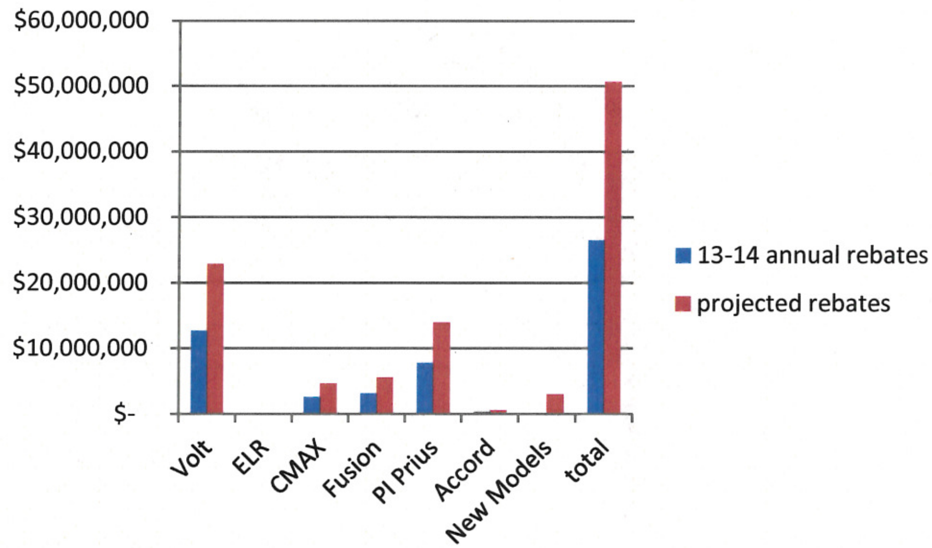
Implications: LEAF rebates higher than 2013 CA Nissan Versa sales (highest selling compact in CA). Tesla rebates higher than total 2014 US sales projections. Volt sales exceed 2013 CA Chevy Impala and Camaro combined. Fusion PHEV sales are ~20% of total 2013 Fusion sales.

Total program cost : $150M, annual growth rate 80%
Program cost below ARB median cost projection



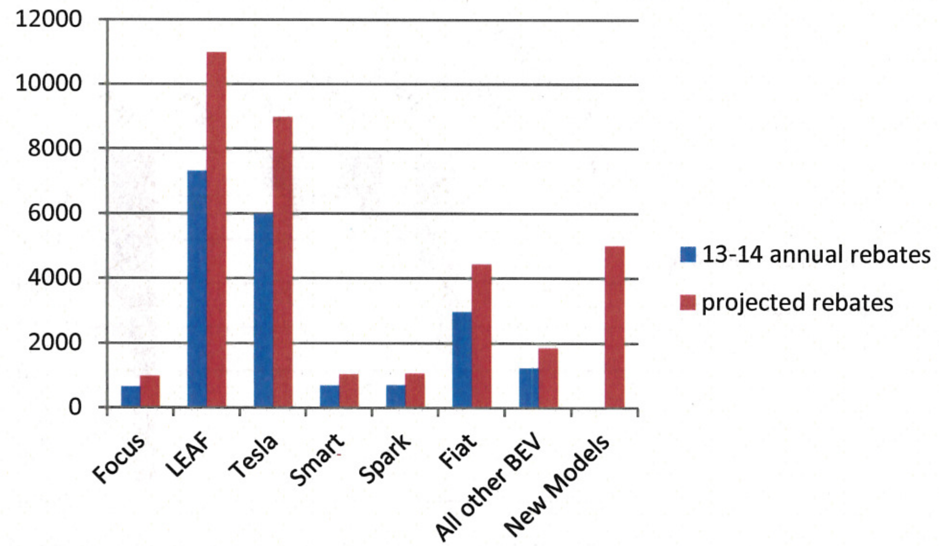


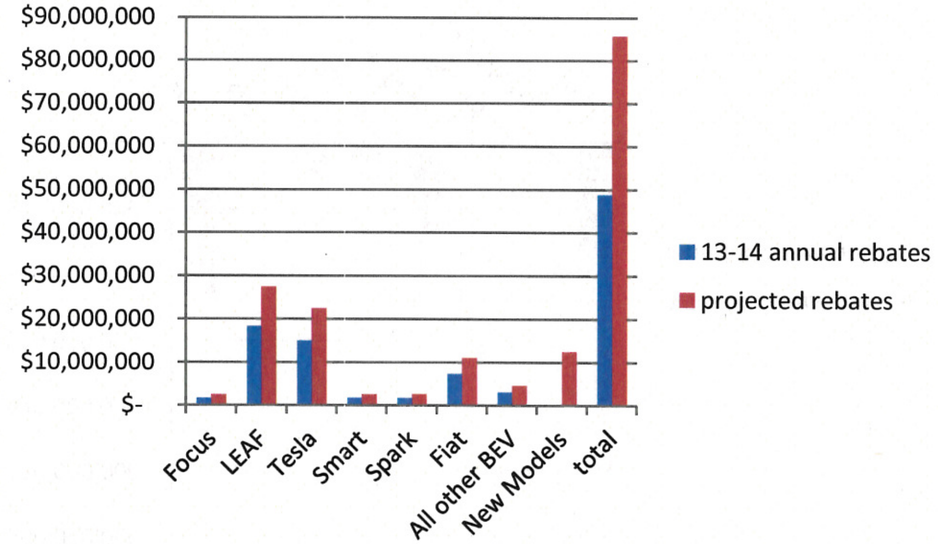


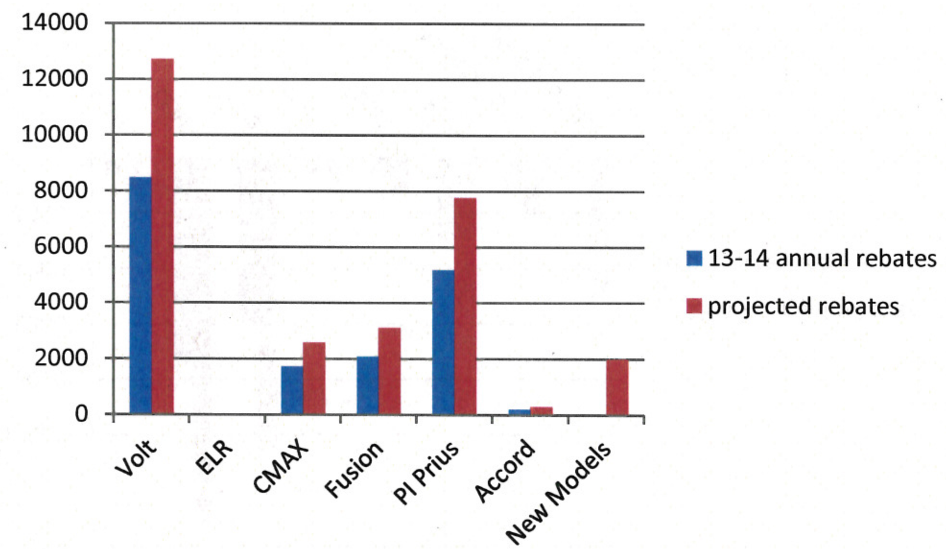


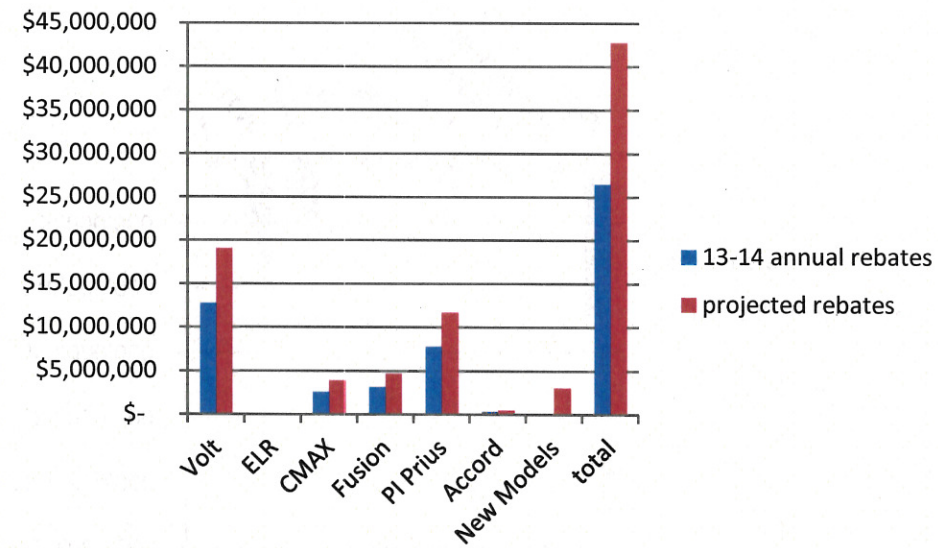
May 2014 was a record month for EV sales with LEAF sales up 35% YTD, Volt down 4% compared to same time last year. Overall growth at 50%, significantly lower than this projection

Total program cost : $128M, annual growth rate 50%
Program at ARB "low" cost projection

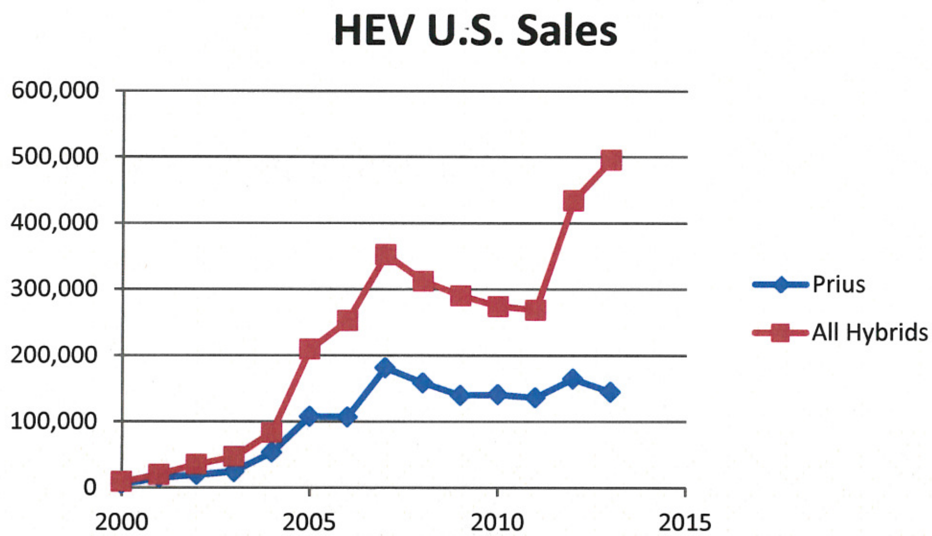


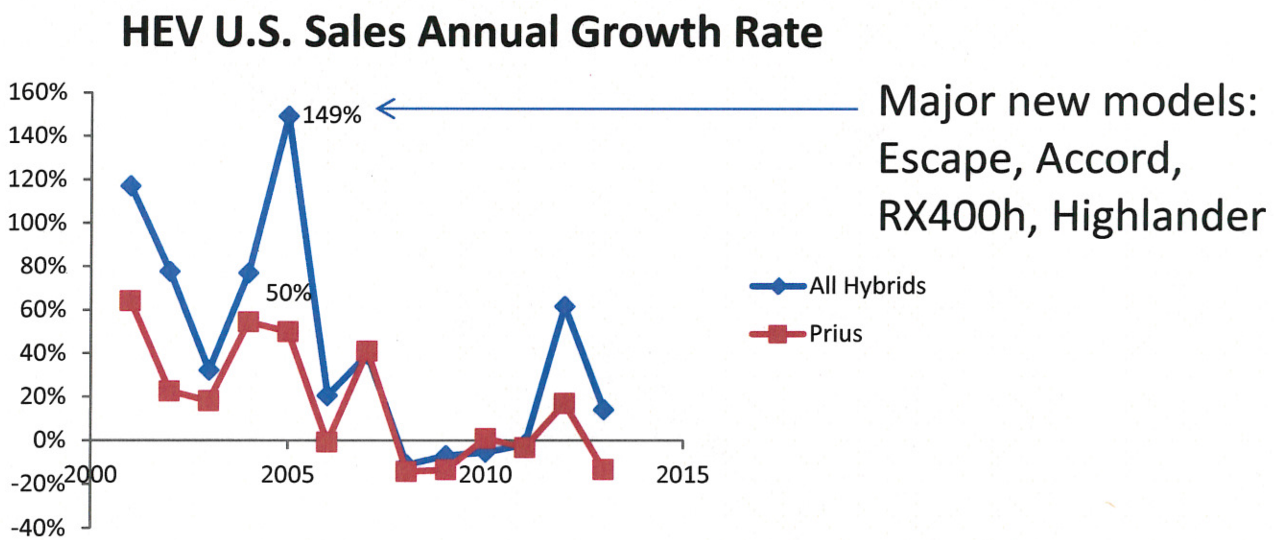




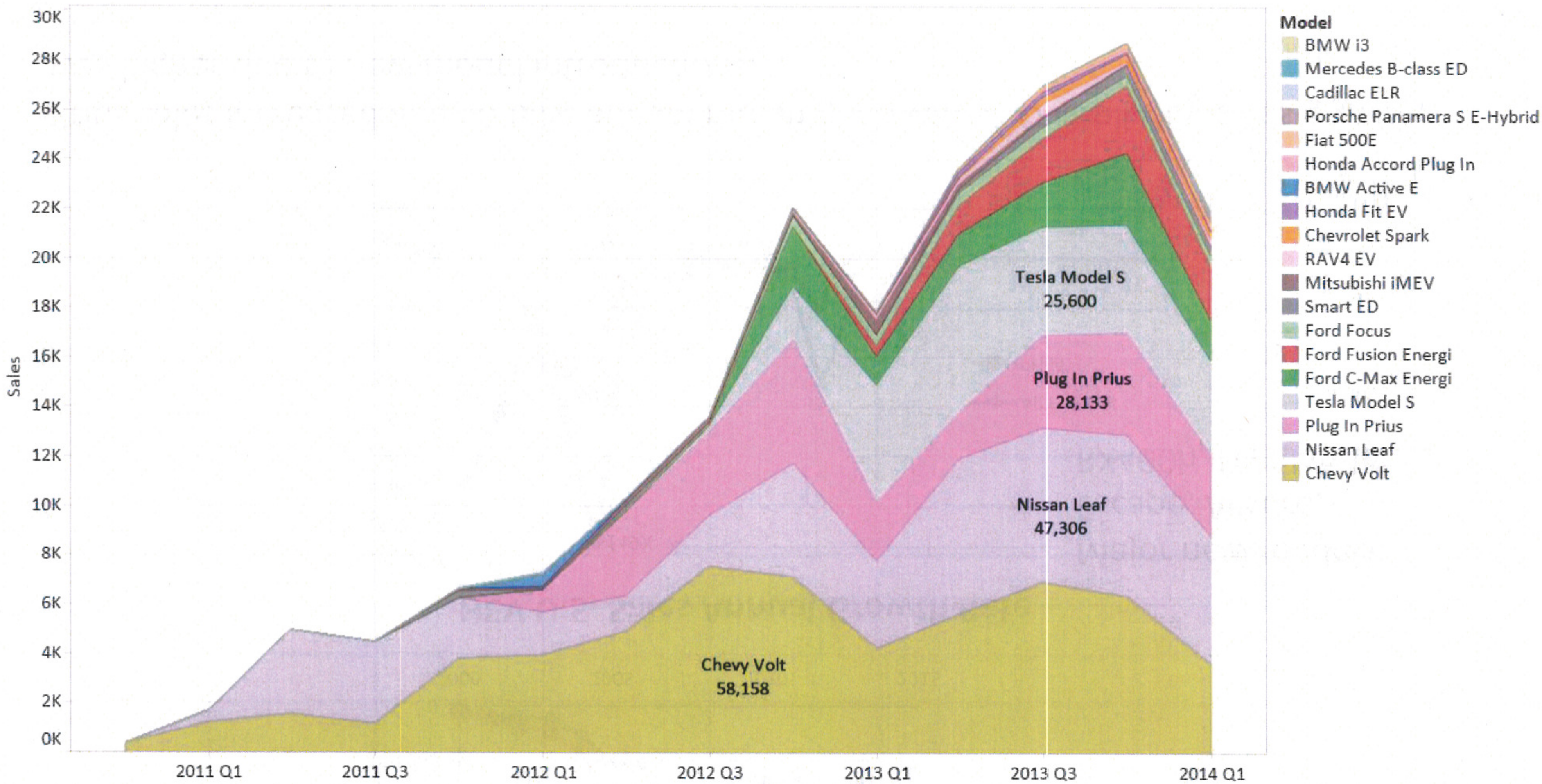


Overall growth in plug-in sales in US is currently 50% (comparing first 5 months of 2014 to 2013), consistent with growth rate shown.

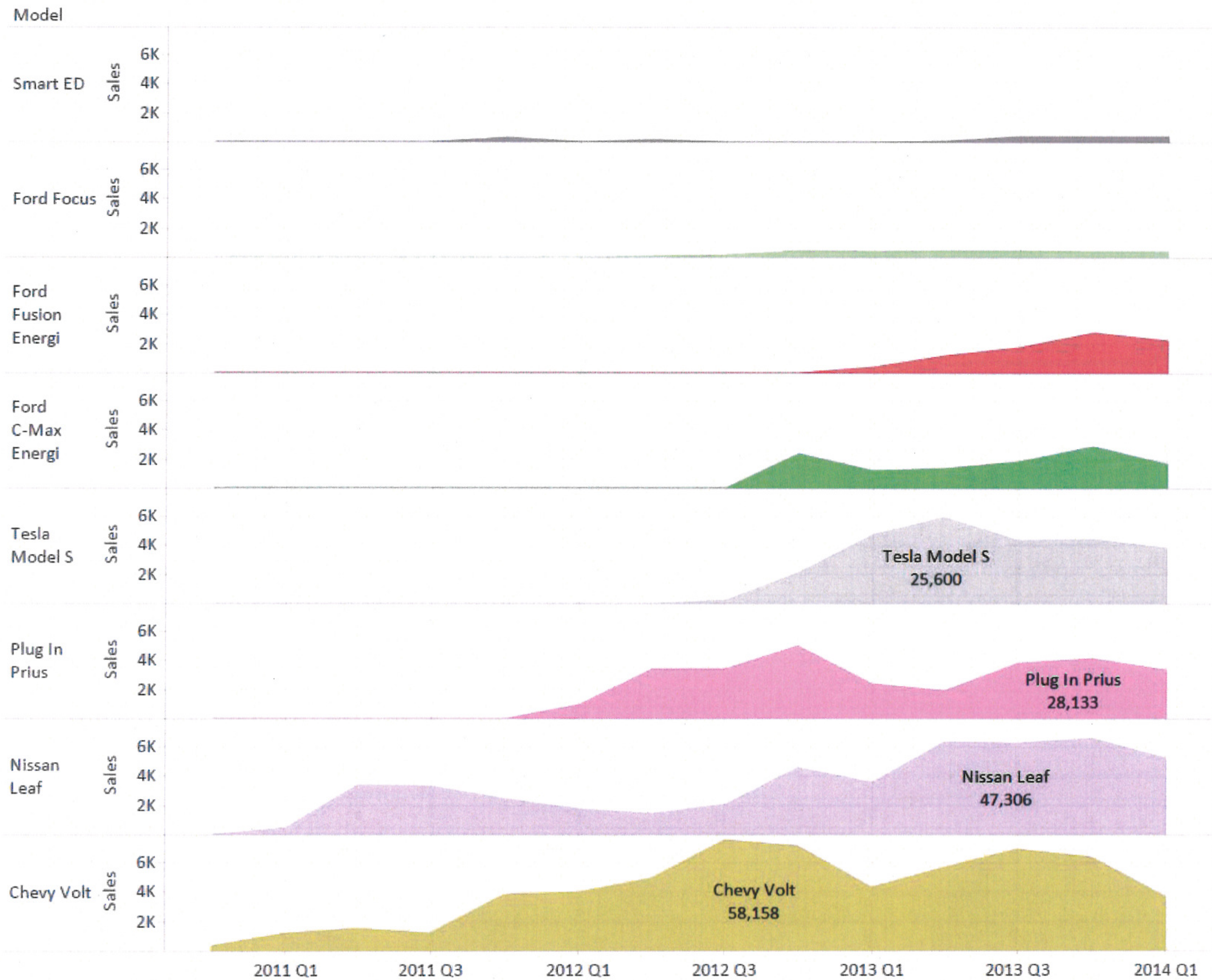




Prius sales increased at a 40-60% annual rate in good years. Overall HEV sales growth was higher due to new model introductions.



EV sales have increased at a high rate



However, the increase in EV sales is largely due to new models. Increases in existing EV model sales have been more modest