

July 23, 2018

Chair Mary Nichols and Board Members  
California Air Resources Board  
1001 I Street Sacramento, CA 95814

Dear Chair Nichols and the members of the California Air Resources Board,

To encourage more rapid and widespread adoption of ZEVs in disadvantaged communities, I humbly recommend that the California Air Resources Board consider expanding eligibility for Clean Cars 4 All funds to include leases of used ZEVs.

Despite the growing number of used ZEVs coming to market, many retail prices are still in excess of \$15,000-20,000, leaving, at minimum, a \$5,000-\$10,000 funding shortfall after incentive funds are applied. Under a leasing structure, a third-party could purchase a used EV and offer it to a low- or moderate-income driver at a low monthly price without forcing the driver to incur any upfront costs. Similar to the way in which the EMFP Plus-Up works now for used car purchases, the funds could be transferred directly to the seller, which in this case would be the leasing company.

Additionally, the confluence of access to ZEV charging infrastructure and low- or moderate-income ZEV drivers (or potential future drivers) is still quite low. Without easy access to charging - ideally dedicated charging - the useability and financial benefits associated with driving a ZEV are greatly diminished.

To encourage the leasing company to provide a complete, usable ZEV package to potential customers, Clean Cars 4 All funds should only apply to leases if:

- The lessor provides access to dedicated ZEV charging
- The lessor provides all manufacturer-recommended maintenance free of charge

Beyond increasing the likelihood of adoption of ZEVs by low- and moderate-income drivers, leasing programs that follow the above guidelines have additional benefits for drivers:

- **Cost certainty:** According to the U.S Federal reserve, four in ten Americans cannot afford an unexpected expense of more than \$400. As modern vehicles become more complex, they break down more frequently and cost more to repair. The long-term costs of ZEVs, which rely on very expensive batteries and electronics, are still relatively unknown. By requiring that maintenance be bundled in to the lease price, the probability that low- and moderate-income drivers are burdened by an unexpected auto expense is much lower.
- **Opportunity to build credit:** Should a low- or moderate-income driver have the additional \$5,000-\$10,000 to purchase a vehicle outright after applying Clean Cars 4 All funds, not only does this significantly decrease their cash reserves but it also deprives them of the opportunity to build

credit. In a lease scenario, low- and moderate-income drivers would have the opportunity to build or improve their credit through the regular monthly lease payment.

- **Lower total cost of ownership:** In many cases, commercial third-parties are better positioned to take advantage of other revenue streams, such as grid services. This additional revenue could be used to subsidize the lease price, driving down the total cost of ownership.

In conclusion, it is my belief that if Clean Cars 4 All funds could be applied to leases of used ZEVs, adoption by low- and moderate-income drivers would be greatly accelerated. Not only would this support Governor Brown's goal of having five million ZEVs on the road (by not letting used ZEVs languish on dealer lots), but would also help to more quickly curb greenhouse gas emissions from cars in the communities that are often the most polluted.

Sincerely,

Andrew Krulewitz

Electric Vehicle Entrepreneur