



October 8, 2024

Honorable Phil Scott
Governor, State of Vermont
109 State Street
Pavilion Office Building
Montpelier, VT 05609

Dear Governor Scott:

The Alliance for Automotive Innovation (“Auto Innovators”) appreciates Vermont’s commitment to advance electrification of the transportation sector. We share that goal and look forward to working with you and other stakeholders to create the policies and conditions necessary to support an increasingly electrified future.

Auto Innovators represents the full auto industry, including the manufacturers producing most vehicles sold in the U.S., equipment suppliers, battery producers, semiconductor makers, technology companies, and autonomous vehicle developers. Our mission is to work with policymakers to realize a cleaner, safer, and smarter transportation future and to maintain U.S. competitiveness in cutting-edge automotive technology. Representing approximately 5 percent of the country’s GDP, responsible for supporting nearly 10 million jobs, and driving \$1 trillion in annual economic activity, the automotive industry is the nation’s largest manufacturing sector.

By 2030, the auto industry is expected to invest more than \$1.2 trillion globally in electrification, including \$123 billion that has been invested in the U.S. since 2020.¹ This includes massive investments in critical mineral sourcing and processing, battery cell and pack production, electric vehicle (EV)² research and development, certification, production, charging stations, and consumer education. In less than two years, the auto industry has significantly increased the number of electrified models, and EV options are available at a variety of price points to consumers in nearly every vehicle segment.

There is no question that the auto industry is committed to this transition. However, we cannot do it alone. The achievement of our shared objectives requires not only ongoing collaboration, but also a commitment to sustained funding and the implementation of programs and policies that support this unprecedented transformation.

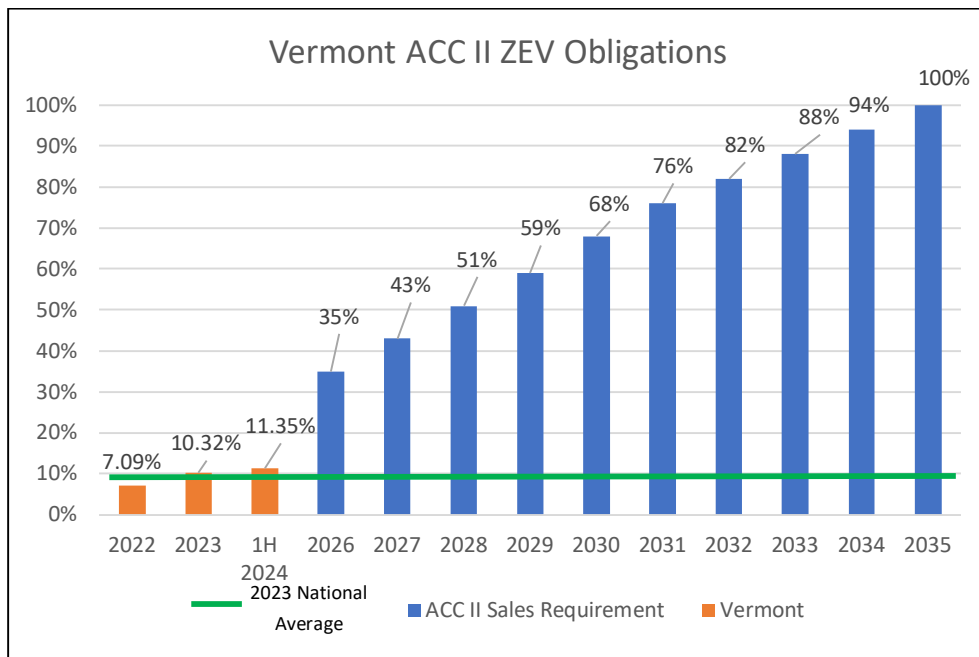
¹ <https://www.autosinnovate.org/posts/papers-reports/get-connected-q2-2024>

² Electric Vehicles include battery electric vehicles, plug-in hybrid electric vehicles, and hydrogen fuel cell electric vehicles.

As you are aware, Vermont adopted California’s Advanced Clean Cars II (ACC II) regulations through 2035,³ which requires an ever-increasing percentage of Vermont’s light-duty vehicles to be EVs in the years ahead. These regulations will take effect in calendar year 2025 for Model Year (MY) 2026 vehicles⁴ and will require **over one-third of all new light-duty vehicles sold in the state to be electrified next year**. In other words, for every two gasoline vehicles sold in Vermont, a manufacturer must also sell one EV. **The mandate increases to 43% for MY 2027, 51% for MY 2028, and continues to increase each year until requiring 100% EV sales in MY 2035.**⁵ As we continue to closely track Vermont’s progress toward these ambitious goals, we wanted to provide you with a snapshot of the current marketplace for EV sales and charging infrastructure in the state.

EV Sales

In the first half of 2024, just over 11% of light-duty vehicles sold in Vermont were EVs, a slight increase over the 2023 percentage of EV sales, as reflected in the chart below. **To meet the regulatory obligations of ACC II in MY 2026, EV sales must more than triple over the next 14 months.** If EV sales do not increase between MY 2025 and MY 2026, the challenge in Vermont is further exacerbated in the following years: quadruple in MY 2027 (when 43% of all new vehicle sales must be EVs) and quintuple in MY 2028 (when more than half of new vehicle sales must be electric).



³ California has submitted a waiver request per Section 209 of the Clean Air Act to U.S. EPA and is waiting on a final rule (<https://www.govinfo.gov/content/pkg/FR-2023-12-26/pdf/2023-28301.pdf>)

⁴ Model year 2026 vehicles can begin as early as January 2, 2025.

⁵ Section 1962.4, Title 13, California Code of Regulations (<https://ww2.arb.ca.gov/sites/default/files/barcu/regact/2022/accii/2accii1962.4.pdf>)

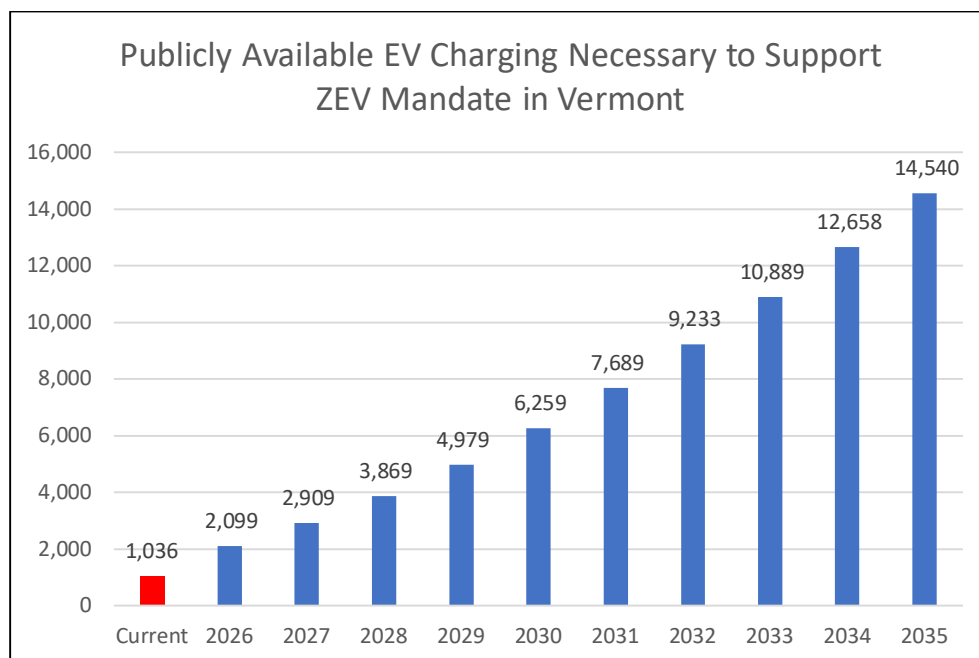
Under current circumstances, Vermont is not on track for compliance with ACC II adoption requirements. A tremendous amount of focused work will be needed to greatly increase EV adoption to the levels required by the ACC II regulation in the very near-term if the state is to have any hope of achieving 100% EV sales by the middle of next decade.

EV Charging Infrastructure

Readily accessible EV charging remains a significant barrier to EV adoption. Unfortunately, the rollout of public EV charging remains insufficient to meet customers' needs today and falls vastly short of the charging infrastructure required to support even 35% EV sales in MY 2026 (CY 2025).

The National Renewable Energy Laboratory (NREL) analyzed the EV charging infrastructure needs for every state to support total EVs in operation assuming 50% EV sales in 2030⁶ (a level well below the ACC II requirements of 68% in MY 2030).

In that analysis, NREL found that Vermont will require at least one publicly available EV charging port⁷ for every 21 EVs on the road. In the first half of 2024, Vermont had 1,036 publicly available EV charging ports and around 14,000 EVs on the road.⁸ To support the number of EVs required to be sold in 2025, Vermont will need around 2,000 public EV charging ports. This means that by next year, Vermont will need twice as many publicly available charging ports as today - **the equivalent of 2 new charging ports coming online every day between now and the end of 2025. And it only increases from there as reflected in the chart below.** One way that Vermont can help increase the availability of publicly available DC fast charging infrastructure is by expeditiously releasing its funding under the National Electric Vehicle Infrastructure program.⁹



⁶ <https://www.nrel.gov/docs/fy23osti/85654.pdf>

⁷ Publicly available EV charging includes Level 2 and DC fast charging ports.

⁸ <https://www.autosinnovate.org/posts/papers-reports/get-connected-q4-2023>

⁹ https://www.fhwa.dot.gov/bipartisan-infrastructure-law/nevi_formula_program.cfm

In addition to EV sales and charging infrastructure development, many other policy areas are worth assessing that may be able to further support EV sales growth in Vermont. For instance, implementation of policies and programs to support expanded charging infrastructure, revised building codes, increased utility engagement, expanded consumer purchase and lease incentives, and targeted public education.

In closing, Auto Innovators appreciates Vermont's commitment to expanded vehicle electrification and the actions necessary to achieve that goal. Absent improvements, there is concern that residents of Vermont could be negatively impacted by automaker actions that may be necessary to meet the requirements of ACC II as adopted by Vermont. We look forward to working together with you and your administration to find ways to achieve your state's electrification goals, consider additional actions to accelerate EV adoption in your state, and support automakers as they strive to achieve their regulatory obligations while meeting their customers' needs. We welcome the opportunity to discuss this further with you and your administration.

Sincerely,

A handwritten signature in blue ink, appearing to be 'D. Flynn', written in a cursive style.

cc:

Julie Moore, Secretary, Agency of Natural Resources
Joe Flynn, Secretary, Agency of Transportation
Jill Krowinski, Speaker of the House of Representatives
Phil Baruth, Senate Pro Tempore
Sara Coffey, Chair, House Transportation Committee
Andrew Perchlik, Chair, Senate Transportation Committee