



First Public Work Group to Discuss the Clean Vehicle Rebate Project for Fiscal Year 2022-23

May 11, 2022

Updated on May 23, 2022

Agenda

- Introduction and Background
- Updated Clean Vehicle Rebate Project (CVRP) Projections
- Key Takeaways
- Discussion
- Next Steps

CVRP Background

- CVRP promotes clean vehicle adoption in California by offering rebates from \$1,000 to \$7,000 for the purchase or lease of new, eligible zero-emission vehicles (ZEV)
- Recent Funding Allocation: \$525M total through fiscal year 2023-24
 - \$515M for CVRP and \$10M for e-bikes

CVRP Background (cont.)

- Plan of phased-in changes approved by Board in November 2021
- First phase of changes implemented in February 2022
- Second phase of changes tentatively slated for implementation in February 2023
 - Pending continued analysis of ZEV market and updates to CVRP funding projections

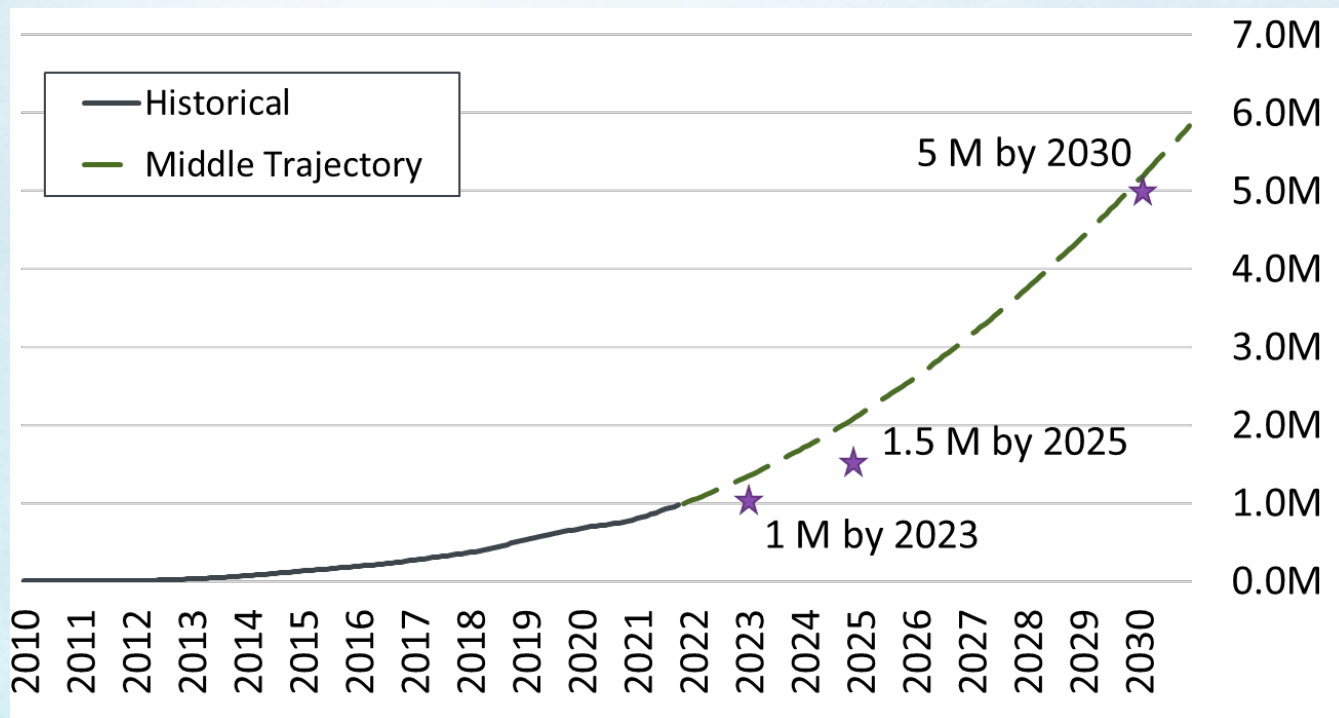
California ZEV Market Update – Q1 2022

- Cumulative Light-Duty ZEV Sales: 1,135,387
- 81,292 ZEVs sold in Q1 2022 – strongest quarter to-date
 - Tesla accounted for 67% of ZEVs sold in Q1 2022
- New ZEV sales experienced a larger percentage of growth (~73%) than new internal combustion vehicle sales (~3%) in 2021
- Light-Duty ZEV Market Share: 16.32%

Updated CVRP Projections

Francis Alvarez & Jonathan Changus,
Center for Sustainable Energy

Progress Toward Cumulative ZEV Sales Goal



CVRP Projection Methodology

- Method described in previous work group presentation
 - [Preliminary 2021-2023 CVRP Projections: Update 5](#)
- CVRP Rebate Data: March 2010-February 2022
- California ZEV registration data: March 2010-October 2021
- New Analyses:
 - Disaggregated Tesla and non-Tesla battery electric vehicle (BEV) rebates into respective forecasts
 - Initial collection of February 24, 2022 post-program change data

Projected Impacts of CVRP Changes

Included Factors:

- Current Lower Income Caps
 - ~23% reduction in apps
- \$45,000 MSRP Cap on "Cars"
 - ~1% or less reduction in apps
- Tesla MSRP Ineligibility
 - ~70% reduction of BEV apps
 - ~59% reduction overall

Factors Not Included:

- Future model releases
- Many new manufacturers entering ZEV space
- Future supply chain improvement
- 2023 Program Changes
 - PHEV ineligibility
 - Additional income cap reduction
 - \$250 decrease in rebate amount

Updated CVRP Demand Forecast

- Funds flowing to Tesla will become free for other manufacturers. Initially, the 63-68% of funds going to Tesla vehicles will become available over time, likely reducing program use initially and then normalizing again as other products fill the gap.
 - Tesla's MSRP ineligibility is predicted to gradually reduce demand from March 2022 through August 2022.
 - The income cap reduction is expected to uniformly reduce demand from March 2022 and onward.
- From September 2022 and onward, demand is expected to increase as new models come to market and overall supply returns to pre-2020 levels.

Updated CVRP Demand Estimates

- Demand from March 2022 – June 2024
 - Standard & DAC-Fleet Increased: \$14M - \$93M
 - Lower-Income Increased Rebates: \$21M - \$78M
 - **Partial Estimated Need: \$36M - \$171M**
- Additional Demand Factors
 - Supply chain considerations absent from projections
 - Future model releases absent from projections
 - Estimates assume no changes in federal or state incentives or regulations, however, CARB's Advanced Clean Cars 2 regulation is anticipated to boost ZEV production.

Key Takeaways & Discussion

Raquel Leon, *CARB*

Key Takeaways

- While removal of Tesla vehicles from program eligibility impacts funding projections, there is minimal impact to the overall ZEV market.
- Allows CVRP to pivot focus to lower- and middle-income car buyers with sufficient funding to support upcoming ZEV model releases and overall market growth.

Program Change Considerations

- Not implementing second phase of changes in 2023
- Including a charge card with every rebate issued
- Increasing the rebate amount
- Expanding to statewide pre-qualification
- Additional Suggestions?

Comments and Questions



Use the raised hand function (#2 if calling in by phone) or submit your question or comment in the Q&A box on Zoom.



Please state your name and affiliation before asking a question or making a comment.

Next Steps & Closing

Next Steps

- CARB staff to analyze various program change scenarios
- Tentative Second Public Work Group on CVRP
- Draft proposal released in advance of the Second Public Workshop for the FY 2022-23 Funding Plan for Clean Transportation Incentives
- Final proposal included in the FY 2022-23 Funding Plan for Clean Transportation Incentives
 - November 2022 Board Hearing

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