



January 9, 2019

Mrs. Judith Whitney, Clerk
Vermont Public Utility Commission
112 State Street
Montpelier, VT 05602

Filed electronically on e-PUC

Re: **Case No. 18-2660-INV** Investigation into promoting the ownership and use of electric vehicles in the State of Vermont

Dear Mrs. Whitney,

Please accept the following comments filed on behalf of the Sierra Club in the above-referenced docket. These comments address the Commission's December 20, 2018 Order entitled "Information Requests re: Transportation Funds" requesting comments on a range of topics related electric vehicle ("EV") registration and user fees.

Sierra Club opposes additional registration or user fees for EVs in Vermont.¹ Although Sierra Club does not endorse creating a new fee targeting EV drivers specifically, we would support a broad review of the state's transportation funding challenges and the creation of a comprehensive, sustainable transportation revenue plan that would address the hurdles the state faces as vehicles become increasingly fuel efficient and consumers choose to drive fewer miles based on environmental concerns, improved transit opportunities, and personal lifestyle preferences.

The growth of the EV market is critical for Vermont to meet its statewide greenhouse gas emission reduction goals and will help improve air quality for all Vermonters by reducing tailpipe emissions. At a time when federal environmental protection policies are under attack – including critically important vehicle emissions standards designed to help ensure that all Americans have the opportunity to enjoy clean air and a livable planet – states have the opportunity to lead by implementing policies that expand access to cleaner cars and cleaner air. Vermonters should be incentivized, not penalized, for switching to cleaner vehicles.

In December 2016, the Vermont Agency of Transportation completed the state's third agency-led evaluation of EV registration and user fees, following up on earlier reports in 2012 and 2013. Like the two prior reports, the December 2016 Legislative Report on EVs, entitled "Sec. 15. 2016 Plug-In Hybrid

¹ Vermont currently has an annual registration fee of \$74 for EVs and \$76 for internal combustion automobiles. <https://dmv.vermont.gov/registrations/fees> (last visited Jan. 6, 2019).

and Electric Vehicle Registration Fees,”² concluded that EV registration or user fees should not be imposed in lieu of EV users paying a gas tax.

The report’s final recommendations concur with the two previous legislative reports. EV registration fees should not be increased in the immediate future and not until the market for EVs moves beyond an “early adopter” phase. To increase the fees now is at cross purposes with the state’s efforts to incentivize EV purchase and use, and increase the number of EVs on Vermont’s roadways. Transitioning from conventional gasoline-powered to electric vehicles is essential for meeting the state’s short and long term climate and energy goals, and will also reduce the public health problems caused by air pollution, keep many more dollars in the Vermont economy, and reduce the costs of transportation for businesses and households

Vermont Agency of Transportation, “Sec. 15. 2016 Plug-In Hybrid and Electric Vehicle Registration Fees,” at 3 (Dec. 2016). Sierra Club believes these policy concerns continue to hold true and should drive any future consideration of statewide transportation funding options in Vermont.

As of December 2016, there were approximately 450,000 passenger vehicles registered in Vermont. *Id.* at 8. The Agency of Transportation concluded that EV fees should be considered *only if* the state failed to devise a comprehensive transportation funding solution. Moreover, even if the state fails to develop a workable comprehensive plan, the Agency concluded that EV-specific fees should not be imposed until the EV market progresses to the point where EVs represent 15 percent of new vehicle sales in the state – a percentage unlikely be met until there are more than 18,000 new EVs registered annually in Vermont, which the agency estimated would occur by 2025.

Second, if a comprehensive transportation revenue solution is not in place that addresses losses from increased vehicle efficiency, a fee should go into effect when the number of registered EVs represent 15% of auto sales. This is approximately 18,835 new registered passenger vehicles in a calendar year, and estimated to be by 2025. EVs would then be considered mainstreamed.

Id. at 27. Two years later, we are unsurprisingly nowhere near that 15 percent threshold the Agency of Transportation found reasonable. As shown in the following chart, according to the Vermont Department of Environmental Conservation, in July 2018 there were just over 2,600 total passenger EVs registered in Vermont, well short of the 18,000+ new EVs per year threshold that the Agency of Transportation recommended would merit an additional examination of additional EV user fees.³

² Vermont Agency of Transportation, “Sec. 15. 2016 Plug-In Hybrid and Electric Vehicle Registration Fees,” at 2 (Dec. 2016) available at <https://legislature.vermont.gov/assets/Legislative-Reports/2016-Legislative-EV-Study-FINAL-formatted.pdf> (last visited Jan. 8, 2019). The report also addresses as range of related topics, including the causes of declining gas tax revenues, the findings of the prior reports, the state’s established climate priorities, and the existing EV market in Vermont.

³ <https://dec.vermont.gov/air-quality/mobile-sources/lev/zev> last visited (Jan. 8, 2019).

Total Passenger EVs in Vermont



Finally, the Agency of Transportation’s report included two conclusions that are important to consider as the Commission and the legislature evaluate potential EV user fees. First, the report concluded that “EVs are an exceedingly small part of today’s transportation revenue problem.” Vermont Agency of Transportation, “Sec. 15. 2016 Plug-In Hybrid and Electric Vehicle Registration Fees,” at 26 (Dec. 2016). Adding user fees for EV owners would thus deter EV ownership in the state without solving any funding shortfall from declining gas taxes. Second, the report noted that an EV user fee would place Vermont out of step with other states that have adopted California’s Zero Emission Vehicle (CA ZEV) program at a time when Vermont should be showing real climate leadership.

For these reasons, Sierra Club urges the Commission to support the recommendations in the Agency of Transportation’s 2016 Legislative Report on EV user fees.

Thank you for the opportunity to provide input on the Commission’s efforts to accelerate EV adoption and promote transportation electrification in Vermont.

If you have any questions about the material in the comments, please do not hesitate to contact me at 415.200.9778 or nathaniel.shoaff@sierraclub.org.

Respectfully submitted,

Nathaniel Shoaff
 Senior Attorney
 Sierra Club Environmental Law Program
 2101 Webster Street, Suite 1300
 Oakland, CA 94612
 (415) 200-9778
nathaniel.shoaff@sierraclub.org

_____/s/_____
 Robb Kidd
 Conservation Program Manager
 Sierra Club Vermont
 P.O. Box 492
 Montpelier, VT 05602
 (802) 505-1540
robb.kidd@sierraclub.org