May 31, 2018

The Honorable Andrew M. Cuomo
Governor of New York State
NYS State Capitol Building
Albany, NY 12224

Dear Governor Cuomo:

As you know, New York is one of nine states that follows California’s Clean Air Act exemption requirement for the sale of zero emission vehicles, known as the ZEV mandate. The goal of the ZEV mandate, of course, is to improve the environment by spurring the sale of vehicles with alternative powertrains, thus seeking to lower carbon emissions. Embracing this goal wholeheartedly, our member companies have invested tens of billions of dollars to bring these vehicles to market. In 2018, 52 ZEV compliant models are available for sale in the United States, and more are expected in the coming years. By 2021, we anticipate providing customers with 80 options for their consideration when purchasing a new car.

But there are two critical points to note when evaluating this mandate that applies to New York.

The first is that the ZEV mandate is based on what customers – your citizens – buy, rather than on what automakers produce. In short, it’s a consumption requirement. The requirement grows up to 15% of all vehicles purchased in New York by 2025. Currently, less than 1% of all vehicles purchased in New York are ZEV qualifying vehicles. When making a powertrain choice, families look at a whole host of factors – the price of gas, the utility of the vehicle, the range of the vehicle, the availability of “fueling” infrastructure, and, of course, cost. We are now living in a window in our nation’s history during which gas prices are substantially lower than they were anticipated to be just a few short years ago, when California set the ZEV mandate target schedule that New York adopted. To some extent, cheap liquid fuel is a mixed blessing due to the increased efficiency of the internal combustion engine. It’s great for consumers, saving them lots of money they can use for other purchases, but the impact on the market demand for ZEVs has been profound.

The table at the top of the next page shows the sales pattern for ZEVs over the past five years. Relative to the ambitious schedule New York has adopted by following the California mandate, the facts on the ground – in the marketplace rather than halls of policy-making – suggest that the ZEV mandate’s success in New York will require significant change in consumer attitudes and buying behavior.
The second critical point is that the viability of ZEV policy is predicated on the sturdiness of a three-legged stool – automakers, government, and consumers. If one leg of the stool fails to stand strong, the policy can’t succeed as hoped. Wishing things will work out is no substitute for an affirmative agenda to make it happen. Automakers need to research, develop and put ZEVs in the marketplace... and we have. Government needs to use the power of policy, action, and state-based incentives to motivate the sale of ZEVs. And customers, most importantly, need to embrace these newer powertrain technologies.

As you can see, the private sector has responded, yet consumers are not seeking ZEVs in the percentage that is required. Oftentimes, the biggest challenge is that government is not fully cognizant of the shared obligation in helping to meet its commitment to ZEVs with actions and decisions that enable the program to work.

If ZEV policy is working anywhere, it’s California, where the state deserves credit for “leading by example” by investing in infrastructure and providing meaningful incentives to help make ZEVs a rational choice by Californians.

But California is unique. No other state has stepped up in the same way. And that means that ZEV policy can’t succeed. It becomes a costly aspiration rather than a viable strategy, a feel-good talking point but not a catalyst for sustainable change. Our perspective is simple. If a state adopts the ZEV mandate from California as its own, first, it must forge state policy that makes the purchase of ZEVs more attractive. Policy would include financial incentives, HOV access, parking benefits, and, of course, infrastructure to recharge (or refuel in the case of hydrogen) – programs much like the New York State Energy Research and Development Authority’s (NYSERDA) Drive Clean Rebate Program and the Clean Fleets NY program.
In the chart below, we project the growth of EV/PHEV registrations needed by 2025, to reach a 15% market share (based on 2017 total sales and registrations with a 10% scrappage rate). We also provide the number of electric chargers that would be needed to keep up with the current 1:10 ratio of chargers to vehicles, as well as a 1:30 ratio. Clearly, New York needs to construct hundreds of charging stations each year to meet the ZEV mandate.

Second, New York should lead by example. A ZEV mandate state should include ZEV vehicles in their yearly state fleet purchasing programs at the same percentage as required by the general population under the ZEV mandate, and arguably at an even higher rate. Fleets enjoy more tangible benefits because of the more efficient opportunities for charging and refueling. New York is currently outpacing even California on ZEV state fleet adoption – but the 2025 goals are looming and remain substantial.

Last year, New York governments at the state and local level bought 489 ZEVs out of 10,141 total purchases. The private sector, by comparison, purchased more than one million vehicles, less than 1% of them were ZEVs.
Governor Cuomo, automakers take our environmental responsibilities very seriously. We are putting ZEVs into the marketplace, but we need your help to achieve success. The state needs to play a larger role in the marketplace to help spur consumer adoption of ZEVs – because it hasn’t happened on its own.

We look forward to working with you closely to find ways to make the sale of ZEVs more attractive in New York. We pledge to continue to do our part, as further evidenced by our participation in the Drive Change Drive Electric consumer education awareness campaign (www.driveelectricus.com) underway in the northeast region. And we hope that you will look to invest more to make this policy work, with direct purchases, by providing infrastructure support and other incentives to encourage the people of New York to buy these products now in showrooms in your state.

Sincerely,

Mitch Bainwol
President and CEO