

2024.03.04 MADA Testimony on SB1063.pdf

Uploaded by: Michael Johansen

Position: FAV



SUPPORT SB 1063

TO: Educational, Energy, and Environmental Committee

FROM: Peter Kitzmiller, President, Maryland Automobile Dealers Association

RE: SB1063 Environment – Advanced Clean Car II Program, Application & Environment

Position: Favorable

MADA represents 300 franchised New Car and Truck dealers in the State, with 20,000 direct jobs based in Maryland.

Associations' Position on EV's:

- (a) Assertion that dealers do not want to sell EVs is **Incorrect**
- Maryland dealers will spend over \$100 Million on EV infrastructure (chargers/equipment/training) in 2023/2024
- (b) There is no going back for Manufacturers and Dealers - too much money Invested – we will be selling EVs and PHEVs now and in the future
- (c) The Association is not asking Maryland to get out of Clean Cars II however, there are a number of issues that if not addressed will cause significant harm to Maryland dealers, our employees and customers – and will not result in more EV Sales

Model Year 2027 Sales Mandate: 43% of vehicles shipped by each Manufacturer to Maryland dealers must be EVs

- (a) If 2027 is a normal sales year we will need to sell 100,000 new EVs in MY 2027 (currently 90,000 EVs registered in Maryland after 10 years of sales)

(b) Questions Can Manufacturers produce 100,000 EV's for Maryland while maintaining EV supply to California and a dozen other ACC II states?

Is there consumer demand for 100,000 EV's? If not, will the State expand the number of and value of financial incentives?

Can Maryland's electrical infrastructure charge/accommodate this number of EVs by 2027?

Cross Border Sales Issue: The ACC II standard does not require "Titling/Registration" in MD

- This is a critical issue for Maryland dealers – NO Maryland dealer is more than 50 miles from a border
- Manufacturers have limited options to meet the 43% Sales Mandate in year 2027
 - Buy credits using corporate cash or pre-sell EVs into MD in the years leading up to MY27
 - Miss the 43% target and pay a fine to MDE (they are not going to do this)
 - ***Limit the amount of inventory they ship to Maryland dealers***

Example:

- A Maryland dealer normally gets 1,000 new vehicles a year from its manufacturer
- In 2027 the manufacturer would need to ship 430 EVs to the Maryland dealer
- If the manufacturer does not have sufficient EVs to supply California and the other ACC II states at that percentage, the only practical option is to reduce the 1,000 vehicles normally shipped to a Maryland dealer to 600 where they in turn meet the 43% mandate
- Reduction in inventory will be catastrophic to Maryland dealers and their employees; and this impacts used car sales also as the Md dealer will not receive as many trade-in vehicles

(c) Unintended Consequence: Maryland residents will go to bordering states, purchase ICE cars, register them in MD and causing economic disruption to Md's auto sales economy

- But, No additional EVs will be put on Maryland roads under this scenario
- Some manufacturers are already limiting what types of vehicles Maryland dealers can order (eg, Stellantis)
- State of Maryland Climate-report
Talks about the cross border issue and their concerns about “Sales Leakage”

V Electric Infrastructure

- Our customers need to be convinced that the Maryland electric infrastructure can support their decision to purchase an EV
- Consumers will not purchase an EV unless they can charge it at home
- 50% of our customers live in multi-family housing. We need to address how to charge their vehicles
- Some dealers who are putting in charging infrastructure in order to sell EV's are experiencing delays because the capacity of local grid cannot accommodate the additional power that is needed

VI Vehicle Cost

- Maryland's current EV tax credit fund of \$8.25 million is inadequate to push the sales of EV's
- The Maryland Climate Change Commission recently recommended that Maryland spend \$300 million per year on EV incentives to meet the Clean Cars II Sales Mandate

VII Solutions

- (a) Reduce or eliminate the penalties
- (b) Delay the implementation date to 2030 in order for the charging infrastructure to be built out

Marylanders Shopping in Other States

- | | |
|---------------------------------------|------------|
| 1. Rockville to Jeep Waynesboro PA | 1 hour |
| 2. Bethesda to Jeep Waynesboro PA | 1.25 hours |
| 3. Gaithersburg to Jeep Waynesboro PA | 1 hour |
| 4. Bowie to Jeep Waynesboro PA | 1.5 hours |
| 5. College Park to York Toyota | 1.5 hours |
| 6. Towson to York Toyota | 50 min |
| 7. Glen Burnie to York Toyota | 1.25 hours |
| 8. Frederick to Guys GMC WVA | 40 mins |

Californians Shopping in Other States

- | | |
|------------------------------|------------|
| 1. Los Angeles to Pahrump NV | 4.25 hours |
| 2. San Diego to Phoenix AZ | 5.0 hours |
| 3. San Francisco to Reno NV | 4.25 hours |
| 4. Sacramento to Reno NV | 3.25 hours |

California vs. Maryland

1. California has 7x more light duty passenger vehicles than Maryland
2. California has 20x more DC faster chargers than Maryland
3. California has 40x more public chargers than Maryland
4. California budget for EV incentives and infrastructure is 60x more than Maryland

[PBS](#)

<https://www.pbs.org/newshour/show/why-major-car...>

Why major car manufacturers are slowing production of ...

Web Jan 30, 2024 · Shoshana Dubnow. Last year was a record for **electric** vehicles in the U.S., with more than 1.2 million sold. That was 50 percent higher than in 2022, yet there are ...

[New York Times](#)

<https://www.nytimes.com/2023/11/07/business/energy...>

Automakers Delay Electric Vehicle Spending as Demand Slows

Web Nov. 7, 2023. Normally a 50 percent increase in sales is considered very good. But when the number of **electric** vehicles sold in the United States grew that much during the third ...

[The Washington Post](#)

<https://www.washingtonpost.com/business/2023/12/26/ev-demand-slows>

EV transition cools as demand slows and automakers trim ...

Web Dec 26, 2023 · In recent weeks, Ford told its **suppliers** that it is halving its 2024 **production** plan for the **electric** F-150 Lightning pickup, to about 1,600 a week, **Automotive News** ...

[CNN](#)

<https://www.cnn.com/2024/02/25/cars/what-happened...>

How EVs became such a massive disappointment | CNN

Business

Web Feb 25, 2024 · Tesla's slashing prices. Ford just cut the price of its Mustang Mach-E, too, plus it cut back **production** of its **electric** pickup. And General Motors is thinking about ...

[New York Times](#)

<https://www.nytimes.com/2023/12/12/business/ford-f150-lightning-ev.html>

Ford Will Cut Planned Electric F-150 Production as Demand Slows

Web Dec 12, 2023 · Sylvia Jarrus for The New York Times. By Neal E. Boudette. Dec. 12, 2023. Slower-than-expected growth in sales of **electric** vehicles has forced several automakers ...

[Reuters](#)

<https://www.reuters.com/business/autos...>

Mercedes-Benz delays electrification goal, beefs up combustion ...

Web Feb 22, 2024 · Mercedes-Benz on Thursday **delayed** its electrification goal by five years and assured investors it would keep sprucing up its combustion **engine** models, becoming the

CALIFORNIA – ADVANCED CLEAN CAR II RULE (Begins MY26 or MY27)



**TESTIMONY OF SAM WEAVER – CHEVY CHASE AUTOMOTIVE
SUPPORT FOR SB1063**

Good afternoon, Mr. Chairman and members of the committee. My name is Sam Weaver, and I am Vice President and Partner at Chevy Chase Automotive in Downtown Bethesda. Our dealership has been providing transportation solutions for our clients for more than 85 years now.

I would like to start by saying I am very excited about representing EV's in our market. We are in the transportation business regardless of its propulsion.

Our single-point dealership is well underway creating our charging infrastructure which will exceed more than \$500k in expense with an additional \$150k to be spent on special tools and safety infrastructure. This clearly indicates we are looking forward to the EV business.

I am of the opinion, and many would agree, the EV's are coming at a revolutionary pace, but the charging infrastructure is coming at an evolutionary pace. And it's this infrastructure concern that will thwart the widespread adoption of these incredible vehicles. Actually, there is a 100-unit apartment building planned directly across the street from my service operation and it is planned with zero parking. A significant portion of our client base lives in this type of high rise or multifamily housing where charging is difficult or even impossible.

We are in the epicenter of the EV market in Bethesda-Chevy Chase. That I am very excited about. And our manufacturer has indicated they will comply with the 43% delivery mandate. But it is unlikely that my manufacturer along with many others will have the manufacturing or battery capacity to ship that many EV's to Maryland. **The only option a manufacturer has to achieve compliance is to ship less vehicles to meet the delivery mandate.** For model year 2025 my manufacturer has told me I am getting 105 EV's for the year. If the mandate were in place for the 2025 model year, it would mean they would be shipping me 244 vehicles to comply. They normally ship me 1,000. I think you would agree this type of reduction would be devastating to any business.

I personally would not go out of state to buy my groceries, household goods or clothing. But would definitely go out of state to buy a high-ticket item like a new vehicle where I only make a purchase every 3-5 years. This mandate will force manufacturers to create inventory imbalances among dealerships and states making consumers do exactly that.

EV's are here to stay and that is a great thing. And we should do everything we can to put as many EV's on the road as soon as we can. My concerns are for my business which not only affects my 130 employees, but the 325 family members that depend on my employees' livelihoods. That is a very real and worrisome concern.

In closing, I would like to remind everyone when the automobile was first introduced, the horse was not outlawed. Dealers all across our great state are spending millions to prepare for this revolution in the automobile industry and are positioned for this great tomorrow. As a reminder, this is a delivery mandate not a purchase mandate, in the end, it's the consumer deciding not the manufacturers, dealers or government. Let's not outlaw the horse. Thank you for allowing me to testify in favor of Senate Bill 1063.

For more information: Sam Weaver – weaver@chevychasecars.com 240.395.4200

SB1063_MAPDA_fav (2024).pdf

Uploaded by: Mike O'Halloran

Position: FAV



Mid-Atlantic Petroleum Distributors Association
P.O. Box 711 ★ Annapolis, MD 21404
410-693-2226 ★ www.mapda.com

TO: Senate Education, Energy, and the Environment Committee

FROM: Mid-Atlantic Petroleum Distributors Association

DATE: March 5, 2024

RE: **SENATE BILL 1063** – Environment – Advanced Clean Cars II Program – Application and Enforcement

On behalf of Maryland’s energy marketers and fuel distributors, MAPDA urges the committee to issue a favorable committee report on SB1063.

This legislation prohibits the Maryland Department of the Environment (MDE) from adopting California’s Advanced Clean Cars II (ACC II) program prior to motor vehicle model year 2030. It also prohibits MDE from applying the penalty provisions associated with the program on motor vehicle manufacturers.

The Maryland Clean Cars Act of 2007 tied the state to California’s Clean Car Program in perpetuity. At the time, that program did *not* include a ban on the sale of gas-powered vehicles. But as the California Air Resources Board (CARB) changed its program over the years, Maryland was also required, by law, to adopt those changes in full.

With the adoption of the ACC II program, all new cars and light trucks sold in Maryland must be zero-emission vehicles by model year 2035. As MAPDA has noted in other bills and regulations, including MDE’s public hearing on ACC II, Maryland does not have the infrastructure to take on the electrification of the transportation sector as set forth in this program. Further, [manufacturers have already begun to reassess their commitments to an all-electric fleet](#) as consumer habits are dictating the car market.

The upshot is the motoring public is not ready to adopt ACC II meaning gas-powered cars will still be the predominant vehicle on the road for years to come. Our members are ready to meet that demand. SB1063 is a commonsense approach to what the public is telling us.

For these reasons, MAPDA respectfully requests a favorable committee report on SB1063.

Feeding and fueling the economy through gas, coffee, food, heating oil and propane.

MAPDA is an association of convenience stores and energy distributors in Maryland, Delaware & the District of Columbia.

SB 1063 Adv. Clean Cars II Program - Delay FAV.pdf

Uploaded by: SHARON CARRICK

Position: FAV



Ella Ennis, Legislative Chairman
Maryland Federation of Republican Women
PO Box 6040, Annapolis MD 21401
Email: eee437@comcast.net

The Honorable Brian J. Feldman, Chairman
And Members of the Education, Energy, and the Environment Committee
Senate of Maryland
Annapolis, Maryland

Re: SB 1063 – Environment – Advanced Clean Cars II Program – Application and Enforcement – FAVORABLE

Dear Chairman Feldman and Committee Members,

The Maryland Federation of Republican Women strong support SB 1063 to:

- (1) Delay adoption of the California Advanced Clean Cars II Regulations to be effective until Vehicle Model Year 2030.
- (2) Prohibit the Department of the Environment from enforcing the penalty provisions of Subtitle 6 to a motor vehicle manufacturer for failing to meet the minimum electric vehicle delivery requirements under the California Advanced Clean Cars II Program for an applicable model year.

Maryland does not have sufficient electric charging infrastructure to charge all 4 million Maryland vehicles. Neither does California, who requires long-distance trucks to charge their vehicles at night. Forcing trucks to drive during the day increases traffic jams and adds to air pollution emissions. Recently, snow storms in Michigan stalled many electric vehicles because their batteries lost power more quickly due to the cold temperatures. Public charging stations were inoperable, people were stranded and cars had to be towed.

While some Marylanders have bought hybrid vehicles and all-electric vehicles, they are not the best option for every Marylander. The Advanced Clean Cars II Act will restrict Maryland citizens' choices and require them to purchase only electric vehicles. Delaying the requirement to 2030 will at least allow time for building public charging infrastructure to accommodate vehicles across the state.

Penalizing Motor Vehicle Manufacturers or Automobile Dealers for not selling enough electric cars is unfair, unreasonable, and bad policy. It is unfair because the Dealer or the Manufacturer cannot dictate to the customer what vehicle to purchase. It is unreasonable because the customer won't buy products they don't think fit their needs, desires, and pocketbook. You will go out of business and your employees will be without jobs. It is bad policy because it takes away the right of the citizen to decide what vehicle is best for him or her and their family and hurts business and employment opportunities.

SB 1068 puts in place a reasonable compromise. Please give SB 1063 a FAVORABLE report.

Sincerely,
Ella Ennis
Legislative Chairman

SB1063 Testimony EEE Committee.pdf

Uploaded by: Steve Hershey

Position: FAV

STEPHEN S. HERSHEY, JR.
Legislative District 36
Caroline, Cecil, Kent, and
Queen Anne's Counties

MINORITY LEADER

Finance Committee

Executive Nominations Committee

Rules Committee

Joint Committee on Legislative Ethics

Legislative Policy Committee



James Senate Office Building
11 Bladen Street, Room 423
Annapolis, Maryland 21401
410-841-3639 · 301-858-3639
800-492-7122 Ext. 3639
Fax 410-841-3762 · 301-858-3762
Steve.Hershey@senate.state.md.us

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Honorable Brian J. Feldman
Education, Energy, and the Environment Committee
2 West Miller Senate Office Building
RE: SB1063 Environment – Advanced Clean Cars II Program – Application and Enforcement

Dear Chairman and Members of the Committee,

Senate bill 1063 is an attempt to better align the timing of the California EV mandate with the needs and interests of Maryland residents and businesses by extending the adoption of the regulations by 3 years (2030). Further, the bill eliminates financial penalties on auto manufacturers so that they are not incentivized to disrupt Maryland's auto sales economy.

When Maryland first adopted the California Car program in 2007, the General Assembly, after much debate and following the failure of the legislation in prior years, passed a law authorizing the State of Maryland to follow the California vehicle emissions standards for new vehicles. The General Assembly had the opportunity to fully consider the benefits and impacts of the California rules.

The 2007 action differs from today in two material ways – first, the new California Advanced Clean Car II standards were adopted by the Md Department of Environment last year by regulation – not legislation before this body; and second, the 2007 California standard contained a “registration” requirement – meaning that Marylanders could not title or register a vehicle in this state unless it met the California emission control standards. The new ACCII standard does not involve “registration” – it is a mandate that each manufacturer must ship to Maryland dealers a certain percentage of cars meeting the EV clean emissions rule. For example, in Model Year 2027, that ‘ship in’ requirement is 43% -- and it rises each year thereafter until it reaches 100%.

Maryland's experience from the 2007 adoption of the California standard did not disrupt our auto sales industry – largely due to two factors (1) the registration requirement meant buyers could not purchase non-California cars from other states and register them here; and (2) soon after the CA standards were adopted, the federal government enhanced the national emissions rules and soon manufacturers were producing 50-State cars that met both CA standards and federal standards. Thus, Maryland dealers were able to meet customers' demand with these 50-State certified cars.

SB1063 is the General Assembly's first opportunity to consider legislation on the new ACCII requirements and I believe the importance of the issues involved in this new standard deserves our thoughtful consideration.

SB1063 will send a clear message to the manufacturers that we want them to continue to produce clean vehicles, including EVs and PHEVs (Plug In Hybrid EVs), but that we will not penalize them for failing to meet the ratio established by the State of California.

I encourage the Committee to work with the manufacturers, dealers, MDE and other advocates to reach the right balance. I request the Committee give SB1063 a favorable report.

SB 1063 Environment - Advanced Clean Cars II Progr

Uploaded by: Cait Kerr

Position: UNF

Tuesday, March 5, 2024

TO: Brian Feldman, Chair of the Senate Education, Energy, and the Environment Committee, and Committee Members
FROM: Cait Kerr, The Nature Conservancy, State Policy Manager; Mariana Rosales, The Nature Conservancy, Director of Climate
POSITION: Oppose SB 1063 Environment - Advanced Clean Cars II Program - Application and Enforcement

The Nature Conservancy (TNC) opposes SB 1063 offered by Senator Hershey. SB 1063 seeks to significantly delay implementing Advanced Clean Cars II in Maryland. This bill directly conflicts with Maryland Commission on Climate Change's (MCCC) recommendation to "ensure the adoption and implementation of the California Advanced Clean Cars II standards, which require that an increasing percentage of new vehicles sold are zero-emissions starting in Model Year 2027." According to the Maryland Department of the Environment (MDE), "Advanced Clean Cars II (ACC II) builds on Maryland's existing Clean Cars Program to require manufactures to continuously increase the share of vehicles they sell that are electric - reaching 100% of passenger car and light truck sales in model year 2035."

As a member of the Mitigation Working Group and the Zero Emissions Vehicles Sub Group, TNC strongly supports the MCCC's recommendation. The transportation sector is the largest contributor to climate change in Maryland. It accounts for approximately 40% of greenhouse gas emissions statewide, predominately from on-road sources. Gas-powered vehicles also emit other air pollutants, like particulate matter, that harm pulmonary and cardiovascular health, including triggering asthma attacks and impairing lung function. Nitrogen oxides released from fossil fuel combustion contribute to increasing new cases of childhood asthma. Air pollution and subsequent respiratory health problems disproportionately impact BIPOC communities and low-income neighborhoods. These detrimental health impacts are also costly, in terms of lost work hours, hospital admissions and emergency room visits, and premature deaths.

The Climate Solutions Now Act of 2022 commits Maryland to 60% emissions reductions from 2006 levels by 2031 and net-zero emissions by 2045. MDE has predicted that by adopting ACC II in 2023 and applying its regulations starting in model year 2027, between 2027 and 2040 "ACC II will deliver additional vehicular emission reductions including: 5,978 tons of nitrogen oxides (NOx), a precursor to ground-level ozone; 585 tons of particulate matter (PM 2.5), a significant respiratory irritant; 76.7 million metric tons of vehicular and power plant carbon dioxide (CO2), a potent driver of climate change. By 2040, these reductions will provide a collective net health benefit equal to \$603.5 million dollars per year due to decreases in respiratory and cardiovascular illness and associated lost work days."

By delaying ACC II implementation, Maryland would not only fail to meet our statutory climate mitigation commitments, but we would also fail Marylanders by continuing their exposure to harmful air pollutants when it is currently within our power to reduce those damages.

Therefore, we urge an unfavorable report on SB 1063.

SB1063_MDSierraClub_unfMar2024.docx.pdf

Uploaded by: Josh Tulkin

Position: UNF



P.O. Box 278
Riverdale, MD 20738

Committee: Education, Energy, and the Environment

Testimony on: SB 1063- Environment - Advanced Clean Cars II Program - Application and Enforcement

Position: Oppose

Hearing Date: March 5, 2024

The Maryland Chapter of the Sierra Club opposes SB 1063. The bill would prohibit the Advanced Clean Cars II regulations from being effective before Vehicle Model Year 2030. The bill also prohibits the Maryland Department of Environment from enforcing the bill on vehicle manufacturers that fail to meet the requirements.

The Advanced Clean Cars II regulations require vehicle manufacturers to sell an increasing percentage of light-duty zero-emission vehicles and plug-in hybrids from Model Year 2027 through 2035. Section 177 of the Clean Air Act allows states to adopt vehicle emissions standards that are more strict than federal standards if they are identical to those adopted by the state of California. The Maryland Department of Environment (MDE) has been a part of the highly successful Clean Cars program since 2007 and is required under Maryland law to adopt and maintain the Clean Cars regulations as they are adopted, including the recent Advanced Clean Cars II program.

Transportation is the largest source of climate-damaging greenhouse gas (GHG) emissions and a leading source of toxic air pollution that is hazardous to human health. Gasoline-fueled vehicles account for 76% of GHG emissions from the on-road transportation sector according to the 2020 Greenhouse Gas Inventory. The MDE's Climate Pollution Reduction Plan has indicated that the Advanced Clean Cars II regulation is a key strategy needed for Maryland to reach its climate targets.

The Advanced Clean Cars II program is also necessary to combat unhealthy air pollution. Almost half of Maryland's total NOx emissions—approximately 41.3 percent—are attributable to pollution from vehicles on Maryland's roads. Residential neighborhoods located near major roads and highways face disproportionate burdens from transportation pollution. These neighborhoods are often communities of color due to decades of residential segregation, and bear the burden of higher rates of cancer, heart disease, chronic respiratory diseases and premature death.

The Advanced Clean Cars II regulations should be implemented and enforced without delay in order to meet our climate targets, improve public health, and clean our air. We strongly recommend an unfavorable report on this bill.

Lindsey Mendelson
Transportation Representative
lindsey.mendelson@mdsierra.org

Jane Lyons-Raeder
Transportation Chair
janeplyons@gmail.com

Josh Tulkin
Chapter Director
Josh.Tulkin@MDSierra.org

Founded in 1892, the Sierra Club is America's oldest and largest grassroots environmental organization. The Maryland Chapter has over 70,000 members and supporters, and the Sierra Club nationwide has over 800,000 members and nearly four million supporters.

SB1063 (HB1247) - UNF.pdf

Uploaded by: Landon Fahrig

Position: UNF



Maryland Energy Administration

TO: Chair Feldman, Vice Chair Kagan, and Members of the Education, Energy, and the Environment Committee
FROM: MEA
SUBJECT: SB 1063 - Environment - Advanced Clean Cars II Program - Application and Enforcement
DATE: March 5, 2024

MEA Position: UNFAVORABLE

This bill would prohibit the Maryland Department of the Environment (MDE) from adopting the California Advanced Clean Cars II (ACC II) regulations to be effective before motor vehicle model year 2030 and limit the ability of MDE to apply certain provisions of law governing enforcement and penalties under the ACC II Program.

ACC II builds on Maryland's existing Clean Cars Program to require manufactures to continuously increase the share of vehicles they sell that are electric - reaching 100% of passenger car and light truck sales in model year 2035.

According to MDE, ACC II is projected to substantially reduce air pollutants that threaten public health, especially in overburdened and underserved communities that are disproportionately exposed to vehicular pollution. Between 2027 and 2040, ACC II is anticipated to deliver additional emission reductions including:

- 5,978 tons of nitrogen oxides (NO_x), a precursor to ground-level ozone;
- 585 tons of particulate matter (PM 2.5), a significant respiratory irritant;
- 76.7 million metric tons of vehicular and power plant carbon dioxide (CO₂), a potent driver of climate change.

These emissions reductions translate to significant health benefits and corresponding savings. By 2040, these reductions will provide an estimated aggregate net health benefit equal to \$603.5 million per year due to decreases in respiratory and cardiovascular illness and associated lost work days.

For these reasons, MEA urges the committee to issue an **unfavorable report**.

Our sincere thanks for your consideration of this testimony. For questions or additional information, please contact Landon Fahrig, Legislative Liaison, directly (landon.fahrig@maryland.gov, 410.931.1537).

SB 1063 MDE OPP.pdf

Uploaded by: Les Knapp

Position: UNF



The Maryland Department of the Environment
Secretary Serena McIlwain

Senate Bill 1063

Environment – Advanced Clean Cars II Program – Application and Enforcement

Position: Oppose
Committee: Education, Energy, and Environment
Date: March 5, 2024
From: Hadley Anthony

The Maryland Department of the Environment (MDE) **OPPOSES** SB 1063.

Bill Summary

Senate Bill 1063 would prohibit MDE from adopting the California Advanced Clean Cars II (ACC II) regulations prior to model year (MY) 2030. MDE would also be prohibited from applying certain provisions of law governing enforcement and penalties with respect to motor vehicle manufacturers for not meeting the ACC II requirements.

Position Rationale

Delaying the ACC II program until MY 2030 would have negative consequences for the State of Maryland and vehicle manufacturers. The ACC II's MY zero-emission vehicle (ZEV) percentage requirements cannot be altered by Maryland as this is a mandate by the U.S. Environmental Protection Agency (EPA). If ACC II implementation is pushed to 2030, the manufacturers will have to comply with the 2030 requirements without the gradual ramp up currently provided in the earlier years. The ZEV program flexibilities begin to phase out as the MYs progress and further implementation delays will mean that manufacturers are unable to take advantage of the flexibilities as designed.

Under the Maryland Clean Cars Act of 2007, Maryland is required to adopt Advanced Clean Cars I (ACC I) and ACC II. Maryland has been implementing the current ACC I regulations since MY 2011. The function of ACC II is to keep reducing vehicle costs and expanding model availability by deploying ZEV technology at a larger scale. Additional gaps in Maryland's participation in ACC II would mean manufacturers will prioritize ZEV sales in the other 14 states that adopted the program, setting Maryland back on our clean energy, clean air, and climate change goals, and losing the significant benefits those vehicles provide to Marylanders. Broad adoption of the multistate ACC II also encourages stronger Federal standards which would further drive manufacturer investment in technology and supply chains, benefiting consumers who enjoy lower vehicle prices, fuel savings, and clean air.

Electric vehicle shares are growing rapidly in Maryland, with roughly 50% year-over-year growth in registrations in the last few years. MDE is on track to achieve the new ACC II goals as model availability continues to expand and prices continue to come down. Manufacturers are currently over-complying with the ACC I program and would bring extra credits from that over-compliance into the new program that can be used to ease into the new requirements.

The ACC II program is an integral component of Maryland's comprehensive, federal air quality plan or State Implementation Plan (SIP). By exiting ACC II, Maryland would revert back to the federal emissions program from MY 2026 - 2030, thereby likely losing reductions in our SIP that have to be made up for by other reductions elsewhere. ACC II is also a critical strategy in MDE's recently released "*Maryland's Climate Pollution Reduction Plan*" that is needed to significantly increase the number of ZEVs operating on Maryland's roadways and help us meet our climate goals. Of all of the programs Maryland has adopted, the ACC II program has the highest estimated future greenhouse gas reduction impact.

The proposed bill would also eliminate MDE's ability to enforce the ACC II program regulations. MDE needs enforcement authority to ensure the environmental and health protections of all its regulations are realized. MDE has broad enforcement discretion as it relates to enforcing penalties for non-compliance with the ACC II ZEV requirement. MDE, with all enforcement actions, follows its enforcement process laid out in state law. The ACC II program has regulatory flexibility that helps manufacturer compliance with the program without triggering enforcement processes. Flexibilities include a variety of different credits (early compliance, pooled vehicles, historic credits, and environmental justice credits) that can be used along with the ability to trade excess credits with other manufacturers that need credits. Finally, a manufacturer has three MYs to make-up any shortfalls that would trigger non-compliance.

It is important to emphasize that neither Maryland nor any other Clean Cars state has ever had to assess a financial penalty for non-compliance with the ZEV requirements in the current ACC I program that MDE has been implementing since MY 2011.

For the reasons detailed above, MDE urges an **UNFAVORABLE** report for SB 1063.

SB 1063 - CBF - UNF.pdf

Uploaded by: Matt Stegman

Position: UNF



CHESAPEAKE BAY FOUNDATION

*Environmental Protection and Restoration
Environmental Education*

Senate Bill 1063

Environment - Advanced Clean Cars II Program - Application and Enforcement

Date: March 5, 2024

To: Senate Education, Energy, & Environment Committee

Position: **UNFAVORABLE**

From: Matt Stegman
MD Staff Attorney

Chesapeake Bay Foundation (CBF) **OPPOSES** SB 1063, which would prohibit the Maryland Department of the Environment (MDE) from adopting the Advanced Clean Cars II (ACC II) regulations before vehicle model year 2030 and would further prohibit MDE from applying enforcement provisions to a vehicle manufacturer who fails to meet the minimum electric vehicle and plug-in hybrid vehicle delivery requirements of the program.

Maryland has set bold, but necessary, greenhouse gas reduction goals, and implementation of the ACC II regulations is an important step in meeting the challenge. The Maryland Climate Pathways report identifies the transportation sector as second only to energy in the production of greenhouse gas emissions. ACC II will substantially reduce air pollutants that threaten public health, especially in overburdened and underserved communities that are disproportionately exposed to vehicular pollution. Now is not the time to move backwards on our climate commitments.

CBF urges the Committee's UNFAVORABLE report on SB 1063.

For more information, please contact Matt Stegman, Maryland Staff Attorney, at mstegman@cbf.org.

Maryland Office • Philip Merrill Environmental Center • 6 Herndon Avenue • Annapolis • Maryland • 21403

The Chesapeake Bay Foundation (CBF) is a non-profit environmental education and advocacy organization dedicated to the restoration and protection of the Chesapeake Bay. With over 200,000 members and e-subscribers, including 71,000 in Maryland alone, CBF works to educate the public and to protect the interest of the Chesapeake and its resources.

SB1063_CleanCars_ClimateCC.pdf

Uploaded by: Sonia Demiray

Position: UNF



Testimony Opposing SB1063

Advanced Clean Cars II Program – Application and Enforcement

Education, Energy, and the Environment Committee

Tuesday, March 5, 2024

Position: OPPOSE

Dear Chair Feldman and Members of the Committee,

My name is Sonia Demiray, I am the co-founder of the Climate Communications Coalition, a member of the Mid-Atlantic Justice Coalition, the Climate Forests Campaign, Eastern Forests Advocacy Group – among others-, and a resident of Frederick County.

Our group opposes the Application and Enforcement Changes which would delay important climate-action that is currently required in the Advanced Clean Cars II Program (AACII). Maryland's number one source of emissions is transportation. The AACII will substantially reduce air pollutants that threaten public health and cause climate change, by simply building on existing Clean Car Programs. As intended, AACII would require manufactures to continuously increase the share of electric and hybrid vehicles they manufacture to reach 100% of passenger car and light truck sales in model year 2035. While further developing the zero-emission vehicle market, the regulations would provide public health benefits over the life of the regulations by reducing premature deaths, hospitalizations and lost workdays associated with exposure to air pollution.

SB1063 would postpone the start of all these important measures until 2030, once again, kicking the can down the road.

We cannot continue to delay real action – climate change is here now. We urge you to vote unfavorably on SB1063 and leave the AACII as it stands now, as was intended.

Thank you.

###

Maryland SB 1063 - Informational Testimony - March

Uploaded by: Joshua Fisher

Position: INFO



March 4, 2024

The Honorable Brian Feldman
Chair, Senate Education, Energy, and the Environment Committee
Annapolis, Maryland 21401

**SB 1063: Environment - Advanced Clean Cars II Program - Application and Enforcement
Position: Informational**

Chair Feldman:

The Alliance for Automotive Innovation¹ (Auto Innovators) appreciates the opportunity to provide the auto industry's perspective on the reasonableness and achievability of California Advanced Clean Cars II regulations in Maryland. While we appreciate the opportunity to submit comments, Auto Innovators has identified several areas of concern that we would like to address to ensure success for all parties in achieving this aggressive ZEV requirement.

Commitment to Net-Zero Carbon Transportation.

Auto Innovators and its members are committed to achieving a net-zero carbon transportation future for America's cars and light trucks. The auto industry is investing \$1.2 trillion globally by 2030 to advance vehicle electrification and will increase the number of EV models available from 111 today to around 200 by model year (MY)2026². In August of 2021, Auto Innovators and our members announced support for a goal of achieving 40-50 percent U.S. new light-duty vehicle market share of EVs nationally by 2030, with the right complementary policies in place.

There is much work to be done to significantly increase EV adoption across the nation. Our shared objectives require collaboration and a sustained commitment to fund and execute supportive programs and policies.

Maryland ZEVs sales comprised 11.51 percent of new vehicles sales in 2023³. The challenge of reaching the California Air Resource Board (CARB) ACC II mandate of 100 percent electric vehicle market share by 2035, requires Maryland to address several hurdles to consumer acceptance. We applaud Maryland's comprehensive approach to adopting state fleet requirements, but there are many important complementary measures needed for success. Examples include, but are not limited to:

- Deploying convenient, reliable, and affordable access to public EV charging and hydrogen refueling stations, as well as monitoring to ensure reliability not only the charger availability but also the charging power rate delivered at DC Fast Chargers (DCFCs).

¹ The Alliance for Automotive Innovation ("Auto Innovators") represents automakers that produce and sell approximately 98% of all the new light-duty cars and trucks sold in the U.S. Auto Innovators is the authoritative and respected voice of the automotive industry.

² [EVs, PHEVs hitting U.S. dealerships through 2026 | Automotive News \(autonews.com\)](#)

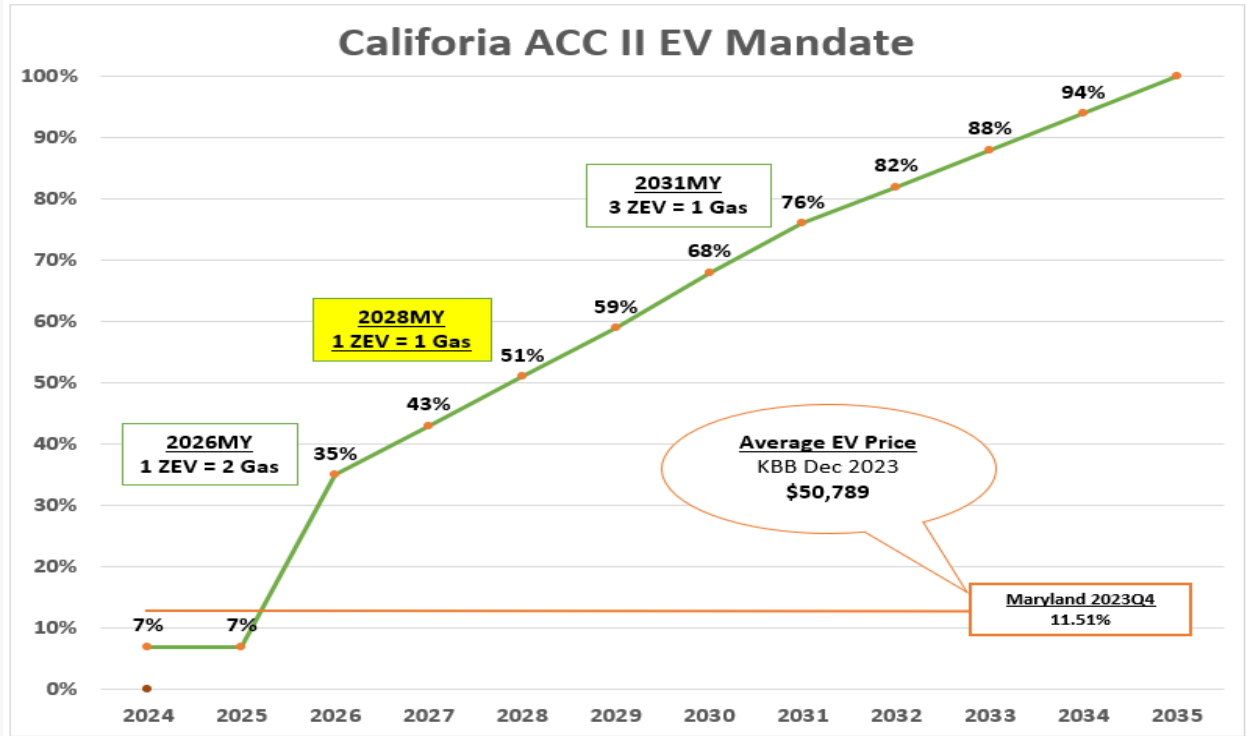
³ Compiled by Alliance for Automotive Innovation with data provided by S&P Global Mobility, sales figures represent new vehicle registrations in CY2023.

- Installing 350kW DCFC at airports and major transportation hubs to fuel transportation network company (TNC)s EVs and taxis. Maryland should also consider installing H2 fueling stations at locations that would support TNC EVs and taxis.
- Adopting building codes addressing new construction and retrofit requirements for EV-ready residential and commercial parking.
- Ensuring grid resiliency and utility electric rates that provide low-cost EV charging.

These policies will be critical to the feasibility of meeting ZEV requirements. Maryland must continue to take immediate and substantial action to implement these critical measures to reach its goal.

Current State-of-Play.

As shown below, the ACC II regulations require very aggressive increases in EV sales starting with MY2026. In Maryland, EV sales must increase more than three-fold in about two model years. These are staggering required sales increases for a new technology that relies heavily on customer acceptance and market readiness.



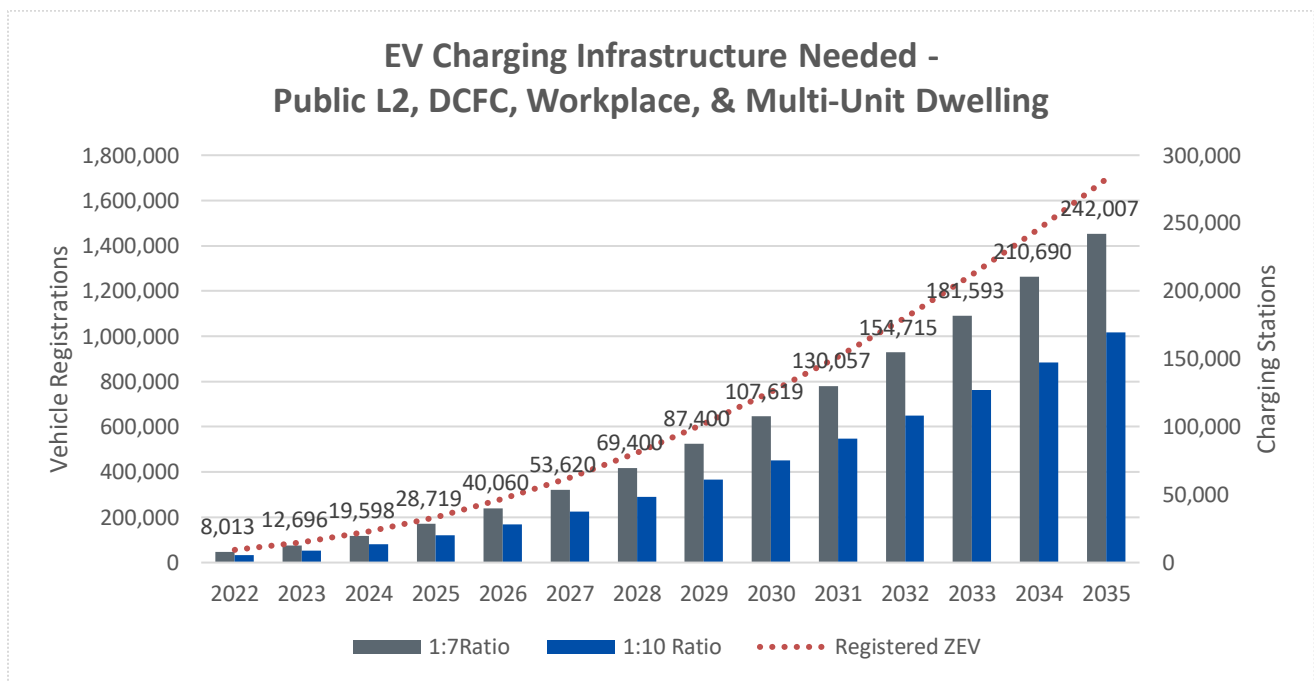
The required more than three-fold sales increase needed is based on 2023 EV sales where the average transaction price of EVs is now about \$50789⁴. Based on the average transaction price of EVs, EV buyers are far more likely to be affluent single-family homeowners with modern electric panels just a few feet from their garage where they will charge their EVs. These buyers do not represent a full cross-section of Maryland’s new car buyers, and achieving even 50, 70, or 100 percent of the new car market will require reaching buyers of more moderate means.

⁴ <https://b2b.kbb.com/dealer-resources/news/ev-purchase-high-2023/>

Charging and Hydrogen Refueling Infrastructure.

Reliable and convenient access to charging and hydrogen refueling stations support Maryland’s customers that buy or lease EVs. Publicly available charging stations not only ease perceived "range anxiety" concerns but also substantially increase consumer awareness of the technology. In addition, hydrogen vehicles may be better suited for some customers, especially those that do not have access to charging at home or the workplace, or those that have a lifestyle that requires short refueling times and a similar refueling process as gasoline.

Currently, Maryland has 4603 electric vehicle charging ports⁵ for 95,233⁶ registered electric vehicles in the state. This is a ratio of approximately one charging port for every twenty-one electric vehicles. This is below the CARB recommendation of a 1:7 ratio or worst case, 1:10 ratio.



Source: Compiled by Auto Innovators with data provided by S&P Global Mobility, sales figures represent new vehicle registrations in CY2022

Residential and Commercial Building Codes - Retrofit and New Construction Updates Needed.

Numerous studies have shown that retrofitting residential and non-residential charging is five to six times more expensive than installing charging stations during new construction. For existing residential and non-residential buildings, installing infrastructure during any significant renovations, such as parking lot paving, electrical panel upgrades, etc. also substantially reduces costs.

According to a 2017 NREL study⁷, 88 percent of EV charging occurs at home, making access to home charging a top priority for customers considering an EV. The converse is also true: lack of access to home charging is a major barrier to EV adoption.

⁵ [Alternative Fuels Data Center: Electric Vehicle Charging Station Locations \(energy.gov\)](https://www.energy.gov/alternative-fuels-data-center/electric-vehicle-charging-station-locations)

⁶ [Electric Vehicles - MDOT \(maryland.gov\)](https://www.maryland.gov/transportation/electric-vehicles)

⁷ <https://www.nrel.gov/docs/fy17osti/69031.pdf>

It is important to ensure low- to moderate-income (LMI) and multi-family housing residents have identical access to the low-cost, convenient, and reliable level 2 (L2) home charging that single-family homeowners enjoy. Maryland should set targets for residential charging and then monitor and track progress toward meeting those targets. For example, it seems reasonable that in 2030, when ACC II requires 68 percent of new vehicles to be electric, that 25 percent of LMI and multi-family housing units have access to L2 charging at home. There are many important complementary measures needed for success.

Maryland should also adopt non-residential building codes that require installation of EV-ready charging capabilities in a significant portion of all new parking at workplace and public locations.

We support building codes requiring that:

1. Every new unit in a MUD with available parking has at least one EV-Ready parking space.
2. Each EV-Ready space above provides, at minimum, Low-Power Level 2 (LPL2) (208/240V, 20A) terminating in a receptacle or an electric vehicle supply equipment (EVSE).
3. EV-Ready signage is posted at each parking space.

This recommendation for L2 power charging levels should be considered as the bare minimum requirement. Mainstream customer satisfaction may require higher power charging. In fact, this is why the California Air Resources Board (CARB), in adopting a regulatory requirement for 100 percent electric vehicles, also mandated that every new MY2026 and later EV contain a portable charger capable of charging the vehicle at 5.76 kW (208/240V, 30A).

While building codes that address new construction are a common-sense and lowest-cost first step, they are not nearly enough to support a transition to electrification. For example, new residential construction typically accounts for about one percent of all residential units each year. Thus, new building codes would only provide residential charging in about 15 percent of the residential units by MY2035. Consequently, Maryland should consider public and private programs to support retrofitting of existing homes and MUDs, such as apartments, condos, and townhouses. As noted, retrofits are far more expensive than incorporation of EV-ready infrastructure at the time of new construction, but they will be necessary to support increasing customer adoption of EVs.

In addition, special attention should be given to the infrastructure needs in Maryland's underserved communities to ensure that access to affordable and convenient charging and hydrogen refueling options are made available on an equally aggressive timeline. MUD residents, however, often face the greatest, most costly, and burdensome obstacles to installing residential EV charging. For MUD residents, the additional costs to upgrade the electrical panel, install conduit between the electrical panel and their parking space, and the logistical challenges of securing building owner approval, coordinating the billing with the building owner, and persuading an owner to make a long-term investment on a rental property, make it near impossible to be an EV driver in a MUD.

MUD residents could be forced to charge elsewhere such as DC fast charge stations or public chargers. Charging at home is far cheaper, more reliable, and vastly more convenient. It is unreasonable to expect MUD residents to pay 2 or 3 times as much for charging and spend hours away from home each week fueling their EVs.

Grid Resiliency/Utility Rate Setting Alignment.

A thorough review of Maryland’s electric grid to determine the viability of expanded access in both the near- and long-term makes strong practical sense. Public confidence in the resiliency of the grid will only help spur faster EV adoption. Failure to provide consistent service, particularly when the majority of EV charging is done at home, could be devastating for increased EV adoption, both for the light- and heavy-duty vehicle sectors.

Auto Innovators suggests that as part of the review, Maryland commit to a transparent dialogue with the utility commission and energy companies about making home and public charging affordable and convenient. In addition, an education campaign about the different types of charging systems (L1, L2, DCFC) and suggestions about prime charging times to lessen the load on the grid should be addressed.

Sustained Consumer EV Purchase Incentive.

Purchase incentives can be a persuasive and effective way to address vehicle affordability and interest customers in purchasing an EV. EVs continue to cost substantially more than a comparable gasoline-fueled vehicle, and so the compounded effect of the federal and state incentives is necessary to equalize purchase costs. We applaud Maryland for providing tax rebates of consumer purchases of EVs and support additional funding to expand these rebates.

Consumer Awareness Programs.

Consumer awareness, understanding, and trust of the technology is essential as we move 11.51 percent Maryland’s EV sales to 100 percent in the next 11 years. Raising awareness can happen in many ways, and we encourage the state to explore a variety of options. For example, we’ve mentioned above that public and workplace chargers and hydrogen stations provide an excellent means of raising consumer awareness. State and local fleet purchases of EVs also substantially raise awareness – particularly if these vehicles are used in high visibility areas such as Department of Transportation (DOT) road crews, police, and fire. Additionally, state-led programs may also be necessary to support the ZEV requirements.

Thank you for the opportunity to provide the auto industry’s perspective on a range of policies that Maryland must adopt to meet its climate goals. Many of the actions necessary for success must start now, and we stand ready to work with Maryland and key stakeholders.

Sincerely,



Josh Fisher
Senior Director, State Affairs
Alliance for Automotive Innovation

Comm on Climate Change _Accelerating light-duty ZE

Uploaded by: William Kress

Position: INFO



MCCC GHG MWG – Near end-project update: Accelerating light-duty ZEV adoption across Maryland

February 22, 2023

Russ Owens, Sustainable Transportation
Program Manager
rowens@energetics.com



Dylan Voorhees
Senior Consultant
dvoorhees@veic.org



Project Goals

- Evaluate the current status of Maryland's light-duty zero emission vehicle (ZEV) and charging infrastructure plans, programs, and other efforts → **Determine if they are sufficient to meet the State's goal of reducing GHG emissions by at least 60% by 2031**
- Evaluate the effectiveness of existing Maryland programs to determine if: 1) **they can be improved** and 2) **whether they should continue**
- Identify/**develop potential policy frameworks for improved/new programs** to increase adoption to meet/exceed the State's goals

Project Tasks

- Task 1 – Reference Case Analysis
- Task 2 – Recommendations for State Action
- Task 3 – Recommendations for Equitable ZEV Charging Solutions

Current Market Trends, Forecasts, and Projections

- **Projections**

- U.S. EIA – 2022 Annual Energy Outlook – Only public source of detailed national trends/data
- **MD 2030 GGRA Plan (2021, 2017 data) best and most detailed MD-specific data and projections

- **Calculation tool**

- Developed based on MD 2030 Plan framework/assumptions
- Updated with EIA VMT → Evaluating MDE and EIA vehicle class (LDA/LDT) adoption trends
- Updating tool ZEV sales data with MVA and ZEEVIC data
- Current scenarios: (MD) Reference, (MD) GGRA, (MD) MWG, ACC II (all BEV), ACC II (20% PHEV), ACC II
- Estimates ZEV sales, ZEV stock, net GHG avoided, NOx estimates, and public EVSE (AC L2 and DCFC). Baseline with MVA data and industry sales projections and for program scenario evaluations.

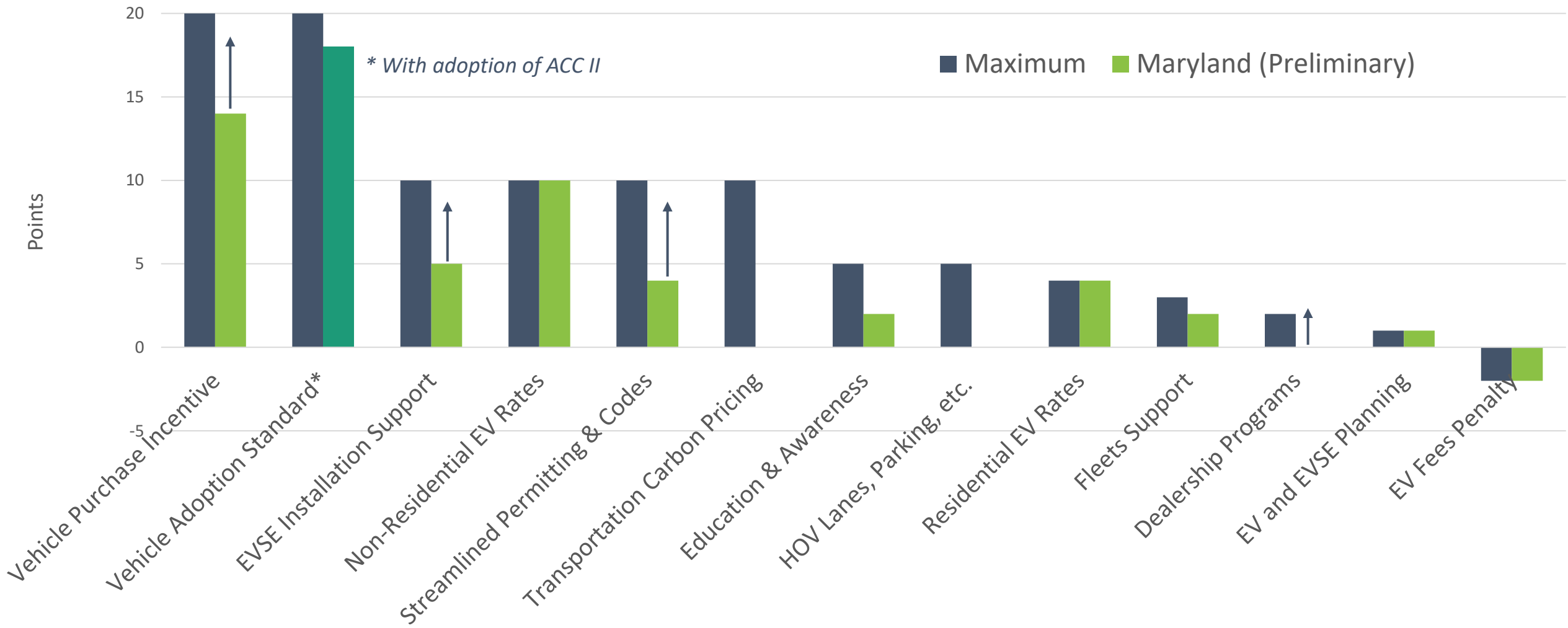


Recommendations for State Action

Determine practical actions Maryland could take to achieve the greatest reduction in greenhouse gas emissions from light-duty vehicles by 2031

Use learnings from other states' programs to determine the most appropriate focus for Maryland's program(s)

NASEO ZEV Policy Rubric



Sales Tax Exemption for New ZEV Purchases

- Plug-in vehicles with MRSP <\$50,000 qualify for exemption from sales tax of 6%
 - Maximum value of exemption is therefore \$3,000; however common EVs such as the Nissan Leaf or Chevy Bolt would receive approximately \$1,700-\$1,800
- The sales tax exemption can be applied directly at point-of-sale. This is a best practice for motivating EV purchases.
- No pick-up trucks would currently qualify for any sales tax exemption
- Used vehicles do not currently qualify for any sales tax exemption
- The sales tax exemption is very funding constrained. The FY24 budget (\$8.25 M) will provide approx. 4,000 incentives – expected to be gone in 2-3 months
- Start-stop incentives greatly diminishes impact on the market
 - Many car buyers make decisions more slowly or outside of this short window; car dealers invest in sales they can count on all year
 - Ironically, incentives with such limited availability may increase “free ridership”

EVSE Installation Support: Public Charging

- MDOT
 - \$63 million available in **NEVI** funding through FY26 to develop DCFC stations along FHWA designated alternative fuel corridors
- MDE
 - MDE offers grants of up to 80% of the cost for the installation of direct current fast charging (DCFC) stations along Federal Highway Administration designated alternative fuel corridors through the **Electric Corridors Grant Program**, for up to \$150,000 per DCFC station and \$600,000 per applicant.
- MEA
 - The **Maryland Smart Energy Communities (MSEC)** program offers local governments grants for transportation-related projects, including the installation of EV charging stations. Grants are available for up to \$6,000 per charging station.
 - The **Electric Vehicle Supply Equipment (EVSE) Rebate Program** provides funding assistance for up to 40% of costs incurred acquiring and/or installing qualified EV supply equipment. Funding is exhausted until FY24.
- Utility
 - EVSE stations can be installed throughout Delmarva, PEPCO, and SMECO territory at no cost to government sites through the **Public Charging Program**, pending available funds.



EVSE Installation Support: Residential & Workplace

- **MEA**

- The Electric Vehicle Supply Equipment (EVSE) Rebate Program provides funding assistance for up to 40% of costs incurred acquiring and/or installing qualified EV supply equipment. Funding is exhausted until FY24.

- **Utility**

- Potomac Edison offers multifamily property owners a rebate of up to \$20,000 for the purchase and installation of qualified Level 2 or direct current fast charging (DCFC) stations on their property through the EV Driven Program.
- Delmarva and PEPCO offer a \$300 rebate to residential customers who install a Level 2 smart charger. For multifamily customers, they offer a 50% discount on equipment and free installation for Level 2 smart chargers, up to \$15,000
- BGE, Delmarva, and PEPCO offer 50% rebate on equipment, warranty, and installation, up to \$5,000/port/\$30,000 max for workplace charging
- Delmarva and PEPCO offer 50% discount on equipment and installation costs
- SMECO is making proposals for EVSE programs to the Public Service Commission



Recommendations for State Actions: Summary

1. Ensure sustainable funding for state sales tax exemption
2. Within 2 years: Extend sales tax exemption to used ZEV, introduce incentives for low-income households, and lift the MRSP cap for pickup trucks
3. Initiate a dealer support and engagement program
4. Provide financial and technical support to commercial and high-use governmental fleet conversion
5. Encourage ZEV initiatives and partnerships with ride-hailing services

** Recommendations for EV Charging are presented later*

Recommendations for State Actions: ZEV Purchase Incentive

- Maryland should plan for annually sustained funding for the sales tax exemption through 2026
 - *We are still estimating a sustainable budget consistent with sales targets*
 - After FY27, the state may be able to end the sales tax exemption on new cars and SUVs (subject to broad availability of federal tax credit)
- Within 2 years, MRSP cap should be increased for pick-up trucks, and potentially large SUVs
 - This higher cap could require the pickup truck/SUV to be full BEV in order to maximize GHG reductions
 - A \$60,000 limit would include the Ford F-150 Lightning (BEV); a \$75,000 limit would also include the Rivian R1T (BEV) – and Jeep Grand Cherokee, (PHEV w/ 26-mile range)
 - Consider an added incentive for pickup trucks, on top of 6% exemption to reduce incremental price

Recommendations for State Actions: Equity in EV Purchases

- New vehicles are inherently out of reach for a large portion of Maryland households, even those not considered “low income”
- Used EV markets are currently very limited, but are expected to grow
- **To increase equity of EV adoption, within 2 years, Maryland should extend the sales tax exemption to used EVs and establish an additional low-income incentive**
- Extending the sales tax exemption to used vehicles is relatively straight forward
 - Each vehicle should receive one used vehicle sales tax exemption in its lifetime.
 - It can be limited to dealership sales
- A low-income incentive should be provided at point-of-sale, to reduce the amount the individual must pay or finance
 - Income eligibility can be demonstrated through multiple means, especially via demonstrated qualification for any existing income-based assistance program

Looking to other states: Equity in EV Purchases

- [Washington](#) state and [New Jersey](#) offer sales tax exemptions and include used vehicles
 - Washington has an MSRP cap for tax exemption of \$45,000 for new vehicles and \$30,000 for used vehicles
 - New Jersey also offers a direct vehicle purchase incentive on top of the tax exemption
- [Maine](#) provides a low-income incentive for new BEVs of \$7,500 (compared to its standard incentive of \$1,000); lower amounts are available for new PHEVs (\$3,000 for low-income; \$500 for others)
 - Used vehicles are also eligible for an incentive of \$2,500 for low-income households only
 - All incentives are offered at point-of-sale through participating dealerships
 - Low-income customers complete a pre-purchase application with multiple options for income verification, including demonstrated qualification for most other income-based state assistance programs
 - (Maine also offers mid-level incentives for new BEV and PHEV for moderate-income households)

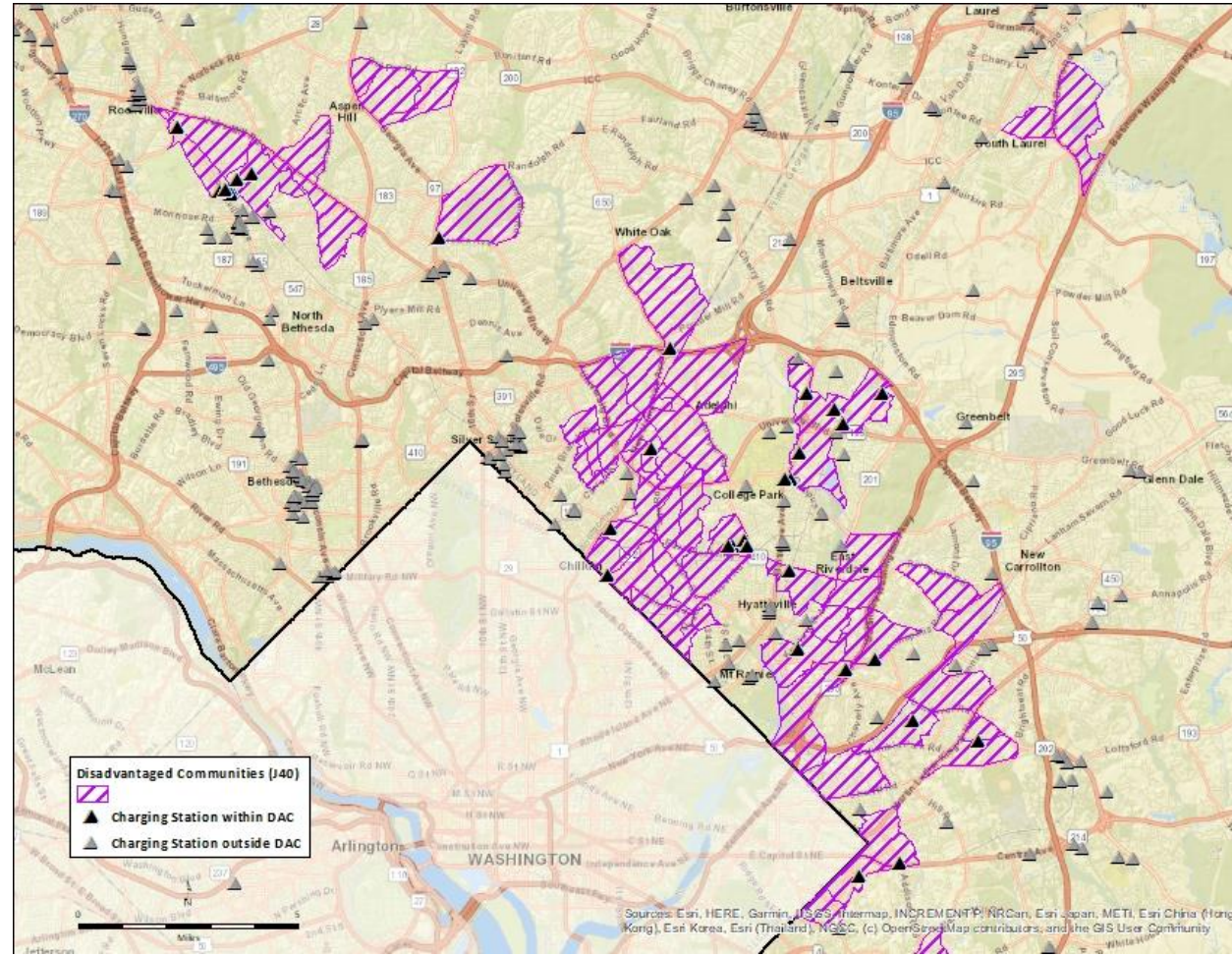
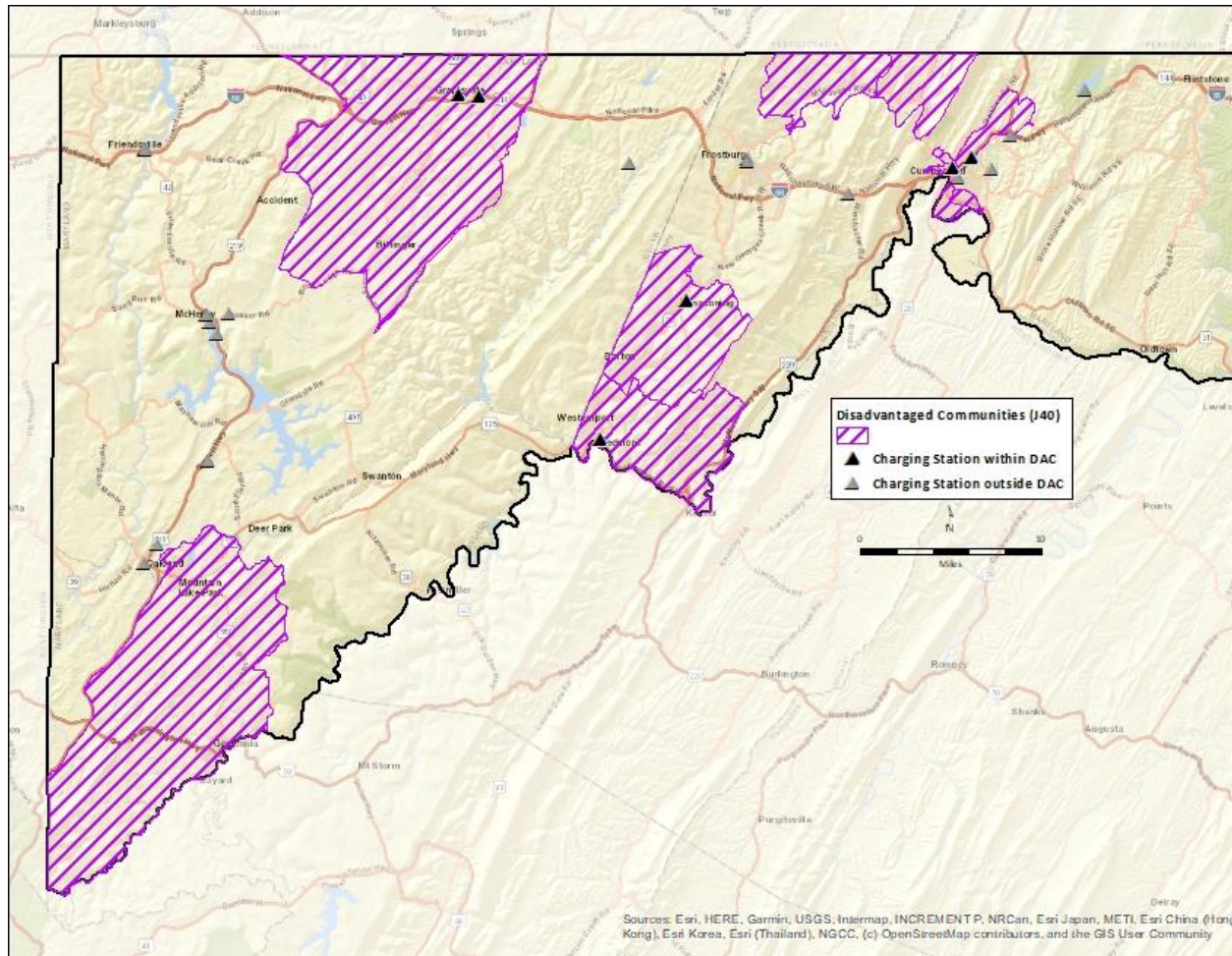
Recommendations for State Actions: Dealer Engagement

- Dealers are a critical link in vehicle purchasing decisions
- Dealerships and manufacturers may provide some training and education, but state programs, such as those in Vermont or Maine, provide more consistent and focused education, training and tools to support the EV sales process
- **Maryland should have a program to increase outreach, education and training support to dealers**
- **Maryland should consider either a per vehicle incentive and/or a stipend for dealers (e.g. \$200) and salespeople who attend training sessions about EVs and customer needs**
- Dealer engagement can also include targeting dealerships for EVSE installation (under existing EVSE incentive programs)

Recommendations for State Actions: Fleet Conversion

- Maryland should target vehicle and EVSE incentive programs at vehicle fleets, which *may* have relatively high VMT/vehicle
- **Providing technical support to help fleet managers understand, assess, and design economic fleet conversion strategies can be a relatively low-cost way to increase fleet conversion**
- In general, commercial fleets with the highest vehicle utilization will be the most economically motivated to begin conversion – and those conversions will also be associated with the highest GHG reduction
- Ride-hailing services such as Uber and Lyft are experimenting in some states with EV strategies, and some jurisdictions (e.g., NYC) will phase in EV requirements
- **Maryland should explore partnerships with ride-hailing companies to promote EV conversion and utilization; this is an area for innovation and creativity (e.g., coordinated marketing at BWI)**

Recommendations for Equitable ZEV Charging Solutions



Recommendations for Equitable ZEV Charging

1. Increase funding for public charging stations with emphasis on increasing volume of high visibility/easy access L2 charging
2. Set specific targets for charging investment in disadvantaged communities
3. Increase funding for charging stations to serve multi-family housing, including through utility programs
4. Update building codes to require charging or charging-ready new construction, especially for multi-family housing

Recommendations for Equitable Charging: Building Codes

- It is far easier and much less expensive to install EV charging infrastructure during new construction; however, **unamended, IECC 2021 does not include provisions requiring EV charging**
- Maryland should adopt model amendments to the IECC 2021 that require EV charging or “Charging-ready” infrastructure in single family, multifamily and/or commercial construction
- It is especially important to incorporate EV charging into new multifamily construction, because this is one of the most challenging spaces for charging retrofits
- The International Code Council documents possible amendments in its publication “[2021 Electric Vehicles and Building Codes: A Strategy for Greenhouse Gas Reductions](#)”
- Oregon requires 5% of multifamily parking spaces to be EV-ready (all electrical infrastructure short of the charging station itself); St. Louis, MO also requires 2% of spaces to have installed charging
- Dozens of local jurisdictions have similar or stricter requirements



Questions?

Thank you!

www.mde.Maryland.gov/MCCC

MD Minimum ZEV Requirement (BK).pdf

Uploaded by: William Kress

Position: INFO

Minimum ZEV Sales Requirements

Advanced Clean Cars II

February 29, 2024

1. **ZEV Requirement:** The California Advanced Clean Cars II (ACC II) ZEV regulations ([13 CCR 1962.4](#)) set an increasing mandated percentage of a manufacturer's new vehicle sales that must be zero emission vehicles (ZEVs), which include battery, plug-in hybrid, and fuel cell electric vehicle (BEV, PHEV, and FCEV, respectively). Unlike prior regulations (i.e., ACC I) where ZEVs received multiple credits based on a myriad of factors, the ACC II regulations are based on vehicle sales where each ZEV receives one vehicle value. So the 43% ZEV mandate in 2027 model year (MY), means that 43% of an automakers vehicles must be ZEV. **Figure 1** shows the ACC II ZEV requirements.

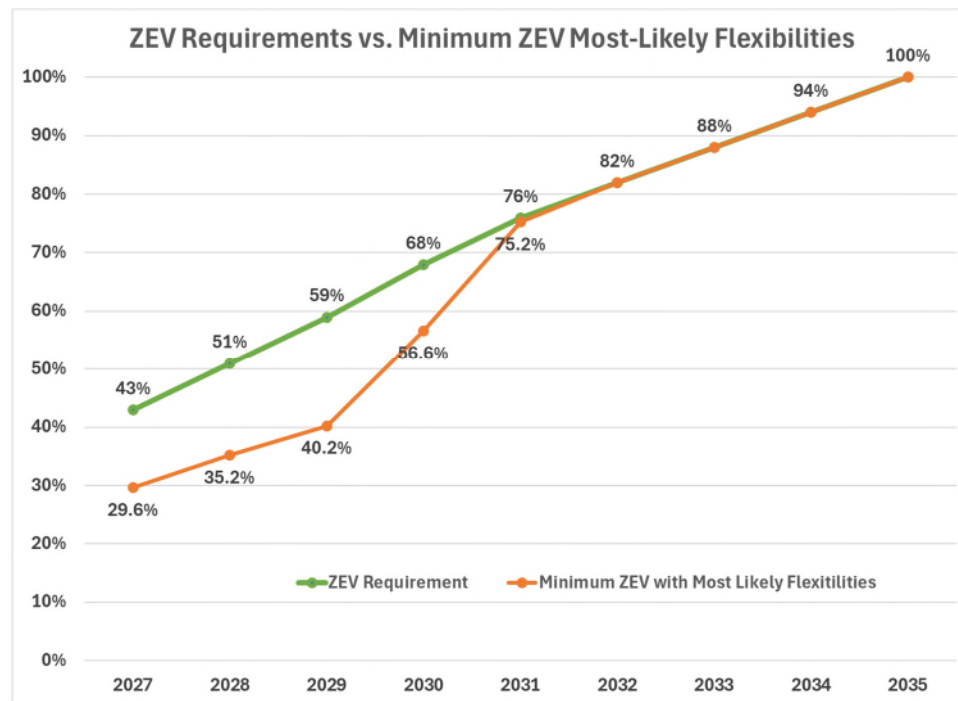


Figure 1: ZEV Requirements

2. **Flexibilities and Caps:** ACC II provides several “flexibilities” that an automaker could use to reduce the ZEV requirements in a specific MY. These flexibilities are capped so that they can make up no more than a specified percentage of the requirement. Moreover, the flexibilities are still based on automakers delivering ZEVs.

Figure 1 also shows the most likely actual minimum ZEV sales that will be required in Maryland under ACC II based on reasonable expectations for the use of flexibilities as discussed in more detail below. While maximum use of flexibilities could further reduce the sales requirement, such scenarios are unrealistic.

The following summarizes the flexibilities, and the assumptions made to generate the most-likely scenario:

- a. Early Compliance Values (15% cap, 2027-2029 §1962.4(e)(3)): ACC II allows manufacturers to sell excess ZEVs in 2025 and 2026MYs and use the excess ZEV sales for compliance in 2027-2029MYs. Automakers can “bank” 2025 and 2026MY ZEV sales that are more than 7% of their sales and use those credits in 2027-2029 to meet up to 15% of the ZEV requirements. Thus, in 2027, 6.45% of the 43% ZEV requirement can be met with Early Compliance Values.

There is no way to know if individual automaker’s sales in 2025-2026MY can generate sufficient credits to maximize the use of this flexibility in 2027-2029.

Nonetheless, for purposes of calculating a most-likely scenario, we assume maximum use of this flexibility 2027-2029MYs.

- b. “Converted Credits” (15% cap, 2027-2030, §1962.4(g)(2)(A)): ACC II allows use of discounted credits from excess ZEVs sold prior to 2026MY. These ZEV credits resulted from automakers selling more ZEVs than required under ACC I. The credits are discounted by 52% and can then be used to meet up to 15% of the ZEV requirement through 2030MY. Thus, in 2027, 6.45% of the 43% ZEV requirement can be met with these Early Compliance Values.

While individual OEM ACC I credit banks vary, it is likely this flexibility can be maximized through 2030MY.

For purposes of calculating a most-likely scenario, we assume maximum use of this flexibility 2027-2029MYs.

- c. Pooled Credits (Declining cap, 2027-2030, §1962.4(g)(1)(D)): ACC II allows automakers to over-comply in one ZEV state and transfer those credits to another ZEV state. However, the way this flexibility is implemented automakers must sell vastly more ZEVs than required in one state, just to transfer a few credits to another state. Consequently, this flexibility is of no value to automakers beyond possibly EV-only automakers, but their credits will likely be used in the state they were generated. During the ACC II rulemaking process, automakers recommended changes that would have made this a useful flexibility. However, those changes were not accepted.

For purposes of calculating a most-likely scenario, we assume ZERO use of this flexibility 2027-2030MYs.

- d. Proportional FCEV Credit (10% cap, 2027-2030, §1962.4(g)(4)): This flexibility applies only to FCEVs sold in a ZEV State. Only two automakers currently sell FCEVs, so this is a very limited flexibility on an industrywide basis. The flexibility transfers ZEV values to all ZEV states for FCEVs sold in California. This transfer is capped at the lesser of:
- i. The percentage of the ZEV sales requirement that is met by FCEVs.
 - ii. 10% of the ZEV requirement (e.g., 4.3% of the 43% requirement in 2027MY).

For example, if the highest seller of FCEVs increased FCEV sales by 231% between 2021 and 2027MY, this flexibility would cap the Proportional FCEV credit at 2.8% of the 2027 ZEV requirement. Thus, for that automakers 1.2% of the 43% ZEV requirement in 2027MY could be met with FCEV proportional ZEV credits. However, that is just one automaker, no others can use this flexibility.

For purposes of calculating a most-likely scenario, we assume use of this flexibility is capped at 1% of the ZEV requirement for 2027-2030MYs.

- e. Environmental Justice (EJ) credits (5% Cap, 2026-2031MY§1962.4(e)(2)): EJ credits can make up 5% of the ZEV requirement in a given MY through 2031MY (e.g., in 2028, an automaker could meet 2.55% of the 51% ZEV requirement ($5\% \times 51\% = 2.55\%$) using EJ credits). ACC II provides three ways to generate EJ credits:

- i. *Community-based clean mobility programs (CBCMP)*: The automaker must sell the 2024+MY ZEV into a qualifying CBCMP at a price at least 25% below the MSRP. ACC II contains several requirements to determine whether a CBCMP qualifies.

California provides substantial funding and vetting of CBCMPs. For example, California allocated \$59.5 million to the Sustainable Transportation Equity Project (STEP) as of November 2022 and \$92.9 million to its Clean Mobility Options program. These are just two of the many California programs directed at CBCMP.

To our knowledge, Maryland has nothing similar in scope or scale.

- ii. *Sold at End of Lease to Participating Dealership*: A leased 2026+MY ZEV sold to a dealership “participating in a dealer financial assistance program” qualifies for 1/10th of a vehicle credit. This only applies to leased ZEVs, not purchased ZEVs.

California has allocated \$436 million to its Clean Cars for All (CC4A) program that provides up to \$12,000 for replacing an older gas with a new ZEV. Dealerships that participate in this program are considered “participating in a dealer financial assistance program” under ACC II.

Again, it is not clear that Maryland has dealerships “participating in a financial assistance program.” However, we assume this could be addressed before 2029 when most 2026MY ZEVs will start coming off lease.

- iii. *Low-Cost ZEVs*: ACC II also provides 1/10th of a vehicle credit for 2026+MY ZEVs with an MSRP < \$20,275 for passenger car ZEVs and with an MSRP < \$26,670 for light-duty truck ZEVs. The lowest priced passenger BEV in 2023 was over \$26,000, and the lowest priced light-truck ZEV was over \$35,000.

While automakers participate in and support equity and environmental justice programs, it is unlikely manufacturers will be able to utilize this provision in Maryland beyond perhaps the End of Lease provision. Maximizing the use of this credit is uncertain even in California despite years of dedicated programs, substantial investments in the \$100s of millions, and work across multiple agencies (CARB, Energy Commission, Pollution Control Districts, Governor’s office, etc.) with established community-based organizations to develop these programs. In Maryland, none of this exists.

For purposes of calculating a reasonable flexibility, we assume automakers can meet 1% of the ZEV requirement in 2029, 2030, and 2031MYs.

3. **Summary Table:** Figure 2 shows a summary table of requirements, most-likely flexibility usage, and minimum total requirement by MY.

Requirement/Flexibility*	Model Year									
	2027	2028	2029	2030	2031	2032	2033	2034	2035	
ZEV Mandate 1962.4(c)(1)(B)	43%	51%	59%	68%	76%	82%	88%	94%	100%	
- EJ Values (e)(2) - 5% Cap**	0.0%	0.0%	0.6%	0.7%	0.8%	NA	NA	NA	NA	
- Early Compliance Values (e)(3) - 15% Cap**	6.5%	7.7%	8.9%	NA	NA	NA	NA	NA	NA	
- Pooled Credits (g)(1)(D) - Declining cap (20/15/10/5%)	0.0%	0.0%	0.0%	0.0%	NA	NA	NA	NA	NA	
- Converted Credits (g)(2)(A) - 15% Cap**	6.5%	7.7%	8.9%	10.2%	NA	NA	NA	NA	NA	
- Proportional FCEV (g)(4) - ***	0.5%	0.5%	0.5%	0.5%	NA	NA	NA	NA	NA	
Minimum Actual ZEV Requirement	29.6%	35.2%	40.2%	56.6%	75.2%	82.0%	88.0%	94.0%	100.0%	

Figure 2: Summary Table