



January 26, 2021

Maryland, House Environment and Transportation Committee

Re: Thursday, January 28, 2021
Environment and Transportation Committee - Bill Hearing
House Bill 44, Clean Cars Act of 2021, as Sponsored by Delegate Fraser-Hidalgo.

On behalf of Rivian Automotive, LLC, ("Rivian") I submit this letter of support for House Bill 44, Clean Cars Act of 2021 ("the Bill") including recommendations should the Bill be amended. Specifically, this letter: (1) expresses Rivian's support for clean vehicle incentives including this Bill as a means to accelerate electrification of the fleet and reduce pollution, (2) highlights the benefits of incentivizing electric vehicles that will displace the highest emitters of greenhouse gas ("GHG"), and (3) describes a few changes that could enable the most efficient rebates.

Founded in 2009, Rivian is an independent U.S. based company dedicated to the production and distribution of Electric Adventure Vehicles™ – namely trucks and SUVs. These zero emission vehicles encourage consumers to enjoy the outdoors and seek adventure in environmentally friendly ways. In addition, we have a commitment with our investment partner, Amazon, to develop and produce 100,000 all-electric heavy-duty class 2b and 3 trucks by 2030 for last-mile delivery. With a substantial presence in California and Michigan, and a manufacturing facility in Normal, IL, the R1T truck, R1S SUV, and delivery van will go into production in calendar year 2021.

Rivian's line of vehicles supports our mission to Keep The World Adventurous Forever™ by offering compelling and clean all-electric alternatives to internal combustion engine technology. Rivian believes that environmental sustainability can only be reached with the electrification of all motor vehicle transportation sectors including trucks. In addition to the environmental benefits of the R1T and R1S, our last-mile delivery van will displace stop-and-go operation of high emission diesel and gasoline powered vehicles typically operated in higher density population areas that disproportionately affect at-risk communities. Rivian vehicles together with state initiatives such as the Maryland Clean Cars Act will help Maryland meet its environmental goals.

Rivian's Plans

As mentioned above, Rivian will be delivering trucks, full-size sport utility vehicles and last-mile delivery vans beginning in calendar year 2021. The R1T and R1S vehicles will be above 8,500 pounds Gross Vehicle Weight Rating ("GVWR") and regulated as Medium-Duty Passenger Vehicles ("MDPVs") under the appropriate light-duty vehicles regulations for emissions. GVWR is a measure of vehicle curb weight plus payload and is sometimes uses a proxy for capability.

Support of Incentives

Rivian acknowledges Maryland's role in environmental stewardship and expanding electrification. Together with Maryland's adoption of California GHG and ZEV requirements, as well the multi-state medium- and heavy-duty zero emission vehicle memorandum of understanding, this Bill will further electrify Maryland transportation by helping buyers to choose electric when it comes time to buy a new vehicle. Regardless of the final outcome on incentive specifics, Rivian supports House Bill 44 and the direction to incentivize cleaner transportation.

Incentivizing Trucks with the Expanded MSRP Cap

Rivian strongly supports the increased Manufacturer Suggest Retail Price ("MSRP") cap such that an increased cap will allow for incentives on light-duty trucks and MDPVs that are regulated as light-duty trucks. The higher caps will help drive more consumers to purchase electric trucks over the conventionally powered alternatives.

Allowing incentives for more capable vehicles represents an opportunity to convert new consumers to electric. This can be seen in Rivian preorder surveys showing that our customers will predominantly be first time EV owners. The expanded MSRP caps will help ensure non-traditional EV buyers switch to electric instead of choosing to stay with conventional trucks. Reasons to maintain an expanded MSRP cap for trucks include:

- Electric trucks will displace more GHG and criteria pollutants by replacing the higher emitting petroleum powered pickup trucks and full-size SUVs versus the petroleum powered compact and mid-size passenger cars that passenger car EVs normally replace (including small SUVs built on car platforms). These additional GHG and emission reduction benefits should be considered when applying electrification incentives. For example, an average gasoline powered pickup emits about 63% more CO₂ than an average compact or mid-sized passenger car. For 2019, EPA projected pickup trucks would on average emit 466 grams of CO₂

per mile (real world) compared to 286 grams per mile for cars.¹² The expanded MSRP cap helps allow the more efficient reduction of pollution by displacing fossil-fueled trucks and full-size SUVs.

- MSRP caps originally intended for passenger cars, if applied to more capable trucks, effectively exclude the large and growing pickup truck and SUV segments due to their higher price points. Specifically, for September of 2020, Kelly Blue Book placed the average sticker price of petroleum powered pickup trucks at 149% over the cost of the average compact car and 104% over the cost of the average midsize car (where current EV offerings exist).³ The expanded MSRP cap will allow customers to consider more capable classes of EVs over the respective ICE vehicles.
- Nationally, sedans represented only 22.1 percent of U.S. auto sales in 2019. The segments that include SUVs, vans and pickups make up 72 percent of light-duty sales⁴. Americans are choosing to purchase pickup trucks and SUVs because they require or desire the features and capabilities of these larger vehicles. With features like an electric motor at each wheel, up to 400 miles of driving range on a single charge, 0-60mph times of 3.0 seconds, the ability to tow up to 11,000 pounds (R1T), and room for a family of seven (R1S), the Rivian R1 all-electric vehicles will introduce new classes of EVs to the market that fill the needs of many consumers who currently own pickup trucks and full-size SUVs. Although consumers are willing to pay more for trucks and full-size SUVs that suit their needs, they are also price sensitive and would respond to incentives. The successful use of incentives in the truck segment is evident in the well-publicized “pickup truck wars” between competing truck manufacturers⁵. The expanded MSRP cap will help motivate price-sensitive owners of gasoline and diesel-powered SUV and trucks to purchase electric alternatives.

¹ Trends Report 2019, U.S. Environmental Protection Agency, <https://www.epa.gov/automotive-trends/download-automotive-trends-report#>.

² Note that these averages include a small percentage of electric vehicles plus pickup trucks and truck SUVs that are not nearly as capable as the R1T and R1S.

³ Kelly Bluebook Press Release, Dec. 1, 2020, <https://mediaroom.kbb.com/2020-12-01-Average-New-Vehicle-Prices-Up-1-3-Year-Over-Year-in-November-2020-Down-1-2-from-Last-Month-According-to-Kelley-Blue-Book>

⁴ Tom Voelk, *Rise of S.U.V.s: Leaving Cars in Their Dust, With No Signs of Slowing*, N.Y TIMES, May 21, 2020, <https://www.nytimes.com/2020/05/21/business/suv-sales-best-sellers.html#:~:text=%E2%80%9CS.U.V.s%20made%20up%2047.4%20percent,was%20not%20so%20long%20ago>.

⁵ Matt DeLorenzo, *This Week in Car Buying: Pickup Truck Wars*, Kelly Blue Book, February 15, 2019 <https://www.kbb.com/car-news/this-week-in-car-buying-pickup-truck-wars/>

Options to Preserve Truck Rebates

Rivian supports the increased MSRP rebate cap in that the higher cap will help convince consumers to move out of the highest polluting segments into Zero Emission Vehicles. Given the need to displace the emissions of trucks/ full-sized SUVs and the concerns of some stakeholders regarding higher MSRP caps for all EVs, a compromise could address both emissions reduction needs and stakeholder concerns. Other incentive programs, such as California's Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project, use GVWR to determine incentive eligibility and amount.⁶ An amendment to the Bill could allow for different MSRP caps based on GVWR for vehicles that are classified as light-duty trucks or medium-duty passenger vehicles. This change would preserve a cap for passenger cars and provide some incentive for those vehicles needed to displace the higher emitting vehicles. If there is a need to reduce the MSRP cap, Rivian requests that trucks over 6,000 and 8,500 pounds GVWR maintain higher MSRP caps reflective of their emissions reduction benefits.

Conclusion

Rivian supports HB 44 and Maryland's efforts to reduce pollution and expand electrification. In order to best expand electrification, Rivian also supports the expanded MSRP cap. Should there be a need to reduce the MSRP cap, Rivian proposes that more capable trucks, using GVWR as a proxy for capability, be allowed higher MSRP caps. These higher caps are justified with the higher "rate of return" in terms of pollution reduction per dollar of incentive. The higher MSRP caps are also needed to help convince conventional truck buyers to consider electric.

Please let me know if you have any questions. Rivian looks forward to working with the State of Maryland, the House Environment and Transportation Committee and the Maryland Energy Administration.

Sincerely,



Chris Nevers,
Director of Environmental Engineering and Policy

⁶ <https://www.californiahvip.org/>