



Department of Commerce

Incentives & Policies for Vehicle Electrification in Washington State

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Washington Tax Incentives



Sales/Use Tax Exemption

- **Alternative Fuel Vehicles**
- **Batteries & Charging Infrastructure**

B&O/Public Utility Tax Credit

- **Alternative Fuel Commercial Vehicles**

Leasehold Tax Exemption

- **Charging Infrastructure**



Legislative Update



Signed...

- **HB 2317:** Medium-speed and neighborhood EVs allowed on state highway segments with speed limits up to 30 mph
- **HB 2884:** B&O and utility tax credits for leased commercial alternative fuel vehicles (including electrification)
- **HB 2357:** Revolving loan/grant program for UST cleanup, includes renewable energy incentives (e.g. EV charging)

Awaiting signature...

- **HB 2778:** Sales/use tax exemption for EVs (MSRP \leq \$42,500, \$32,000 cap, all lease payments covered, expires at 7,500 vehicles or June 30, 2019, whichever comes first)



Budget Update



Transportation

- **WSDOT:** \$1 million in seed funding for EV Infrastructure Pilot Program
- **WSDOT:** \$500,000 to continue work on Road Usage Fee Pilot Program
- **DOL:** \$20,000 to implement leased commercial alternative fuel vehicle tax incentive change

Capital

- **PLIA:** \$10 million for UST revolving loan/grant cleanup program



Policy Wild Cards



Clean Air Rule

- **Additional review and comment**
- **Adoption Summer 2016**
- **Transportation protocols**
 - Individual vehicles (road usage fee program?)
 - Fleets (tiered? price differential? conversion?)
 - EVSE (data sharing? EVIPP funding? double dipping?)

Carbon Tax (I-732)

- **Good question...**



“Extent Practicable” Rules



"Hey, Sisyphus, when you've got a minute I'd like to discuss this progress report with you."

Mission: Define “practicability” and how state and local governments will be evaluated in efforts to operate publicly owned vessels, vehicles and construction equipment from electricity or biofuel, “to the extent practicable.” CNG and propane can be considered if electricity and biofuels not “reasonably available.”

State Agencies: June 1, 2015 (effective May 2013)

Local Governments: June 1, 2018

- Transit agencies with majority of active revenue fleet using CNG exempt
- Exemption for engine retrofits that void warranties
- Authority to exempt emergency response vehicles
- Highest level of biodiesel warranty when purchasing diesel vehicles



Key Considerations

Functional Differences: Equipment and fuels

Duty Cycles: Timelines and lifecycle costs

Fleet Size: Volume of fuel, number of vehicles

Geographic Availability: Infrastructure, seasonality

Program Implementation: Administrative cost, integration

Phased Approach: Different fuel applications or quantities



Rulemaking Process



- 1) **First Step:** Define “local government”
- 2) **Work Group:** WSAC, AWC, PFMA, WSTA, WPPA, utilities, others
- 3) **Research:** State and Federal policies and programs
- 4) **Reporting Threshold:** Data gathering and tracking
- 5) **Define:** Compliance expectations
- 6) **Review:** Public hearing this Spring, adoption by Summer



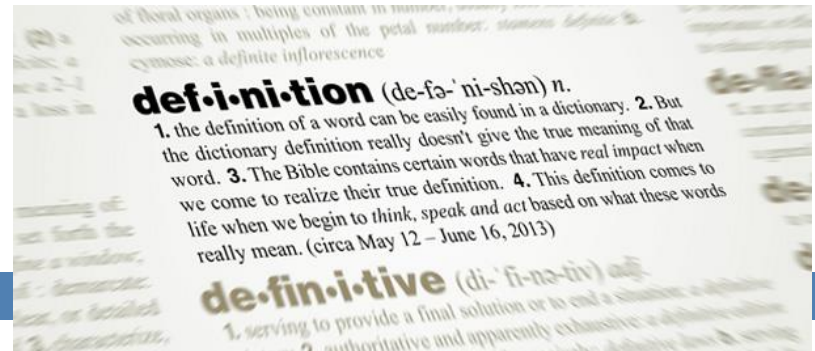
Program Participation



- **All Jurisdictions Comply**
- **Annual Reporting**
 - Gas and diesel use >200,000 gallons/year
 - Cities (10), counties (18), transit (17), schools (16), PUDs (3), ports (2), RFD (1)
 - Fleet composition
 - Procurement plans
 - Obstacles and opportunities
- **Technical Assistance**
 - Alternative Fuels & Vehicles Technical Advisory Group



Definitions



- **Biofuel:** Biodiesel, ethanol, biomethane, renewable diesel, DME...
- **Lifecycle Cost:** Total cost of ownership over life of asset, including purchase or lease cost, financing costs, taxes, incentives, operation, maintenance, depreciation, resale or surplus value, engine conversion, and incremental of associated refueling infrastructure.
- **Practicable:** Extent to which alternative fuels and vehicle technologies can displace gasoline and diesel fuel in vehicles, vessels, and construction equipment as determined by multiple dynamic factors including cost and availability of fuels and vehicles, changes in fueling infrastructure, operations, maintenance, technical feasibility, implementation costs, and other factors.
- **Vehicles:** Motorized vehicles, watercraft, and construction equipment (not aircraft, railed vehicles, or stationary generating equipment).



Program Compliance: Vehicles



Renewable Natural Gas (biomethane)

- Blends of 20% RNG or more, regardless of lifecycle cost

Electric & Hybrid Electric Vehicles

- Models that meet operational needs? Suitable for routine use?
- Compare lifecycle cost, including charging infrastructure, to vehicle you'd otherwise procure

Alternate Fuel Vehicles (natural gas and propane)

- Include engine conversions and changes to fueling infrastructure and maintenance facilities in lifecycle cost

Charging Infrastructure

- Encouraged for fleet parking and maintenance facilities, incorporate into new construction and major remodels



Program Compliance: Biofuels



Biodiesel/Renewable Diesel/DME

- Blends of 5% if cost within 1% of ULSD #2
- Blends up to 20% if not restricted by warranty and cost within 1% of ULSD #2, including additives

Ethanol

- Flex-fuel (E85) if price at least 20% below gasoline

Renewable Natural Gas

- No more than cost of conventional natural gas





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