

# Electric Vehicles

## Summary

Battery technology improvements, declining battery costs, and significant government incentives are driving increased adoption of electric vehicles (EVs) nationwide. The Energy Information Administration anticipates that EV sales will reach 19 percent of new passenger vehicle sales by 2050. This “electrification” of the transportation sector is expected to lead to reduced emissions, economic growth (from investments in EV technologies), and the enhancement of America’s energy security through the diversification of transportation fuels. EVs may also be an asset to the grid through vehicle-grid integration technologies, including by absorbing excess generation from renewable energy resources, curtailing charging during peak hours, and even transferring power back to the grid if needed. Public power utilities are working with their communities to enable greater EV adoption through the development of charging infrastructure and EV customer programs and investment in smart grid technologies to manage EV charging. The American Public Power Association (APPA) supports policies to promote the adoption of EVs and the ability for public power utilities to provide EV-related services to their customers.

## Background

At the federal level, EV adoption is primarily supported through the tax code, using two major credits. Created by the Energy Policy Act of 2005, the Alternative Fuel Vehicle Refueling Property Credit (26 U.S.C. 30C) provides a tax credit equal to 30 percent of the cost of installing alternative fuel vehicle refueling infrastructure, including EV chargers. The credit is capped at \$30,000 for a business and \$1,000 for an individual and was recently extended by Congress through December 31, 2021. The New Qualified Plug-in Electric Drive Motor Vehicles Credit (26 U.S.C. 30D) provides a tax credit for the purchase of a new plug-in electric vehicle. Depending on the vehicle’s battery capacity, the credit is worth between \$2,500 and \$7,500. The credit, created in the Energy Improvement and Extension Act of 2008, is phased out for any vehicle manufactured by a

manufacturer that has sold 200,000 or more qualifying EVs, a threshold that has been achieved by both Tesla and General Motors. In the case of a tax-exempt entity that cannot make use of these tax credits, such as a public power utility, the tax credits instead can be claimed by the seller of the EV.

In 2015, the Fixing America’s Surface Transportation (FAST) Act included several measures to accelerate the growth of the EV market. One provision directed the Department of Transportation (DOT) to create corridor maps to identify the “near- and long-term need for, and location of, electric vehicle charging infrastructure...across the United States.” Beginning in 2016, DOT-designated routes as Alternative Fuel Corridors, leading to a national network that spans 49 states and over 145,000 miles.

Additionally, state and local governments are increasingly supporting EV policies through grants, tax incentives, and with several states adopting zero emission vehicle (ZEV) goals or mandates that target either a percentage of new vehicle sales or 100 percent of new passenger vehicles sold by a specified date. Notably, in 2020, a California executive order was issued which would require all new cars and passenger trucks sold in the state to be ZEVs by 2035.

## Congressional Action

During the 116th Congress, several bills were introduced to encourage EV purchases and EV infrastructure investments. House Ways & Means Committee member Dan Kildee (D-MI) and Senate Finance Committee member Debbie Stabenow (D-MI) introduced the Driving America Forward Act (H.R. 2256/S. 1094), which would have allowed an additional 400,000 vehicles per manufacturer to be eligible for a credit of up to \$7,000 before the credit begins to phase out. APPA supported the Driving America Forward Act, which along with a new credit of up to \$2,500 or 30 percent of the sale price for the purchase of used EVs, was included in H.R. 7330, the Growing Renewable Energy and Efficiency Now (GREEN) Act, introduced by House Ways & Means Committee Democrats in June 2020. It was also included in H.R. 2, the Moving Forward Act,

broad-based infrastructure legislation approved by the House of Representatives on July 1.

In addition, Senator Tom Carper (D-DE) and Representative Mark DeSaulnier (D-CA) introduced the Clean Corridors Act of 2019 (S. 674/H.R. 2616), which would have provided grant funding for the installation of electric vehicle charging stations and hydrogen fueling infrastructure along designated Alternative Fuel Corridors across the National Highway System. The Clean Corridors Act of 2019 was included in S. 2302, the America's Transportation Infrastructure Act of 2019, which would have reauthorized the nation's highway programs, and was approved by the Senate Environment & Public Works Committee in July 2019. APPA supported S. 674. Similarly, H.R. 2616 was included in the House transportation bill, the Investing in a New Vision for the Environment and Surface Transportation in America (INVEST in America Act). House Democrats used H.R. 2 as the vehicle for the Moving Forward Act, which also included EV-related provisions from both the INVEST in America Act and the GREEN Act. The infrastructure package also would have imposed a "must-consider" requirement under section 111(d) of the Public Utility Regulatory Policies Act (PURPA) that would direct state public utility commissions and non-regulated electric utilities to consider establishing rates for EV charging stations. APPA does not support creating a "must-consider" requirement under PURPA because of the cost and regulatory burden it places on many public power utilities. Ultimately, the House and Senate were unable to reach agreement on surface transportation reauthorization and passed a one-year extension of the FAST Act in October 2020.

### APPA Position

Public power utilities are committed to providing their communities with the infrastructure and programs needed to support increased EV adoption. Insofar as Congress seeks to encourage the use of EVs, it should ensure that any such incentives are available to public power utilities and their customers. During the 116th Congress, APPA supported S. 674/H.R. 2616, the Clean Corridors Act of 2019, because it would have allowed public power utilities to receive federal grants to install EV charging stations adjacent to established routes. The association also supported H.R. 2256/S. 1094, the Driving America Forward Act, because it promoted the continued adoption of EVs.

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The American Public Power Association is the voice of not-for-profit, community-owned utilities that power 2,000 towns and cities nationwide. We represent public power before the federal government to protect the interests of the more than 49 million people that public power utilities serve, and the 93,000 people they employ. Our association advocates and advises on electricity policy, technology, trends, training, and operations. Our members strengthen their communities by providing superior service, engaging citizens, and instilling pride in community-owned power.