



July 1, 2022

SUBMITTED ELECTRONICALLY TO: scopingplan@nyserda.ny.gov

Re: New York State Climate Action Council Draft Scoping Plan

To the New York State Climate Action Council,

Rivian Automotive, LLC, (“Rivian”) appreciates this opportunity to comment on the New York State Climate Action Council Draft Scoping Plan (“the draft Plan”). The development of the draft Plan is a critical step on New York’s path toward achieving its statutory greenhouse gas (“GHG”) emissions reductions goals. Rivian is strongly supportive of ambitious efforts to reduce GHG emissions and applauds the leadership demonstrated by the Climate Action Council in developing the draft Plan. As a manufacturer of electric vehicles (“EVs”), Rivian’s primary interest is in some of the Plan’s recommended actions for tackling emissions in the transportation sector. The draft Plan recommends that the state pursue several transportation strategies to support the EV market and reduce transportation emissions. These include adopting the Advanced Clean Cars II (“ACCII”) regulation, expanding direct-to-consumer sales of EVs, robustly incentivizing EV purchases, and developing a clean fuels standard (“CFS”).¹ Rivian strongly supports these recommendations and urges the Climate Action Council to finalize a scoping plan inclusive of them.

Keeping the World Adventurous Forever

Founded in 2009, Rivian is an American manufacturer of all-electric adventure vehicles™. With over 14,000 employees across the U.S., Rivian’s focus is the design, development, manufacture, and distribution of all electric, zero emissions vehicles, specifically pickups, SUVs, and delivery vans. Rivian has begun production, sales, and deliveries of our three models (R1T pickup, R1S SUV, and last-mile delivery van). The R1T and R1S provide all-electric options in segments where added utility is a necessity. The R1T has an EPA-certified 314-mile range and 11,000lbs of towing capacity, while the R1S is a seven-passenger full-sized SUV. Key to the success of our mission, these vehicles compete directly with some of the most polluting conventional passenger vehicles on the road today. In addition to consumer-oriented vehicles, Rivian also produces medium-duty fleet vehicles. Amazon.com has a contract with Rivian to purchase 100,000 all-electric delivery vehicles by 2030. Production of the R1T, R1S, and the electric Amazon vehicles began in 2021 from our manufacturing facility in Normal, Illinois.

Additionally, Rivian is building a nationwide charging network with thousands of direct current fast chargers and Level-2 chargers planned across the country, including at sites across New York. Rivian currently maintains a physical presence in the state at its customer-facing service center in Brooklyn.

¹ Rivian recognizes the inclusion of the Advanced Clean Trucks rule in the draft Plan’s recommended actions but notes that since the draft Plan’s original development, the state has adopted the regulation. Rivian strongly supported this action. We do not reflect further on the policy in this comment letter.

The Draft Plan’s Transportation Strategy Includes Several Important and Effective Policy Recommendations

Rivian’s mission to Keep the World Adventurous Forever is made manifest in its commitment to the environment and addressing climate change. We strongly support states taking action to achieve GHG emissions and air pollution reductions, including through programs of ambitious regulation and incentivization in the transportation sector, as core to our values and vision for the world.

The draft Plan demonstrates an admirably comprehensive approach, including several recommendations that in our experience are crucial elements of any successful policy response to transportation emissions. We wish to take this opportunity to reflect on and amplify our support for particular aspects of the draft Plan.

Direct-to-Consumer Sales

To meet New York’s climate goals, it is critical that the state remove barriers to EV sales. **Rivian applauds the draft Plan’s recommendation that New York pass legislation to allow for direct-to-consumer sales.** The traditional dealership model holds back the EV market. In testimony before the New York Legislature earlier this year, Rivian noted that in 2020, 1,896 EVs were sold from the state’s 848 franchised dealerships—an average of two per dealer—representing just 0.2 percent of total car sales in the state. By comparison, the five licensed Tesla locations in New York sold over ten thousand vehicles.² Nationwide, the Sierra Club found in 2019 that 74 percent of auto dealerships do not have a single EV on their lot for sale. The Sierra Club also found that even at dealerships where EVs were available, consumers were still not being given important information about charging, battery range, and financial incentives impacting their purchase.³

Rivian sells all its vehicles, for both consumers and fleets, through a direct sales model. Rivian chose to sell directly because it presents the best opportunity for our success as a new electric vehicle company. Introducing our new brand to the world requires innovation in vehicle technology *and* the distribution process. A Cox Automotive study revealed that seven out of ten consumers would prefer a “brand experience center” without a high-pressure sales environment and 61 percent of consumers want help from a product specialist instead of a salesperson, demonstrating both an opportunity and a need for improvements in how vehicles are sold.

In states like New York that prohibit Rivian from selling electric vehicles directly, our vehicles will be sold online from a licensed Rivian location out of state. Customers will have to go through additional hurdles such as arranging for title transfer outside the state, processing registration and title themselves, and potentially having to travel out of state to pick up their Rivian vehicle. **These hurdles will only serve to**

² Testimony of Kaitlin Monaghan, Rivian Automotive, LLC, 2022 Joint Legislative Budget Hearing on Transportation (February 15, 2022), available at: https://www.nysenate.gov/sites/default/files/rivian_automotive.22.pdf.

³ Hieu Le and Andrew Linhardt, Sierra Club, *Rev Up Electric Vehicles: A Nationwide Study of the Electric Vehicle Shopping Experience* (November 2019), available at www.sierraclub.org/sites/www.sierraclub.org/files/press-room/RevUpReportFinal.pdf.

discourage New Yorkers from purchasing EVs and positions the state as a laggard on both transportation innovation and consumer choice.

To meet the state’s ambitious goals for EV sales and emissions reductions, New York needs to remove unnecessary barriers to EV market growth. **We strongly urge the Climate Action Council to include its recommendation for legislative action permitting direct-to-consumer vehicle sales in the final Scoping Plan.**

ACCII

Rivian strongly supports the draft Plan’s recommendation that the Department of Environmental Conservation (“DEC”) adopt ACCII once finalized by the State of California. ACCII, currently under development by the California Air Resources Board (“CARB”), is the regulatory keystone at the center of a successful decarbonization strategy for the transportation sector. Once adopted, **the rule will establish binding sales targets in the passenger car market that ramp up to 100 percent EV sales by 2035**—a milestone that must be met to remain on pace for the full turnover of the on-road fleet by midcentury. Rivian has engaged closely with the rule’s development and is actively supporting its initial adoption by CARB, a prerequisite to its implementation in other states across. Timely adoption of the rule by DEC will be important for ensuring continuity of the state’s ZEV mandate. The Council should include a recommendation to adopt ACCII in the final Plan and DEC should act swiftly thereafter to initiate the ensuing regulatory proceeding as soon as possible.

Incentives for Light-Duty (“LD”) and Medium-/Heavy-Duty (“MHD”) EVs

As the draft Plan recognizes, New York must fully electrify the vehicles on its roads to reach its climate goals.⁴ To support rapid growth in EV sales, **Rivian strongly supports the draft Plan’s inclusion of enhanced purchase incentives among its recommendations.**

One of the key barriers to EV sales today is the higher initial cost typically associated with these vehicles. This is driven primarily by the cost of the battery, but for new market entrants, additional upward pressure on prices can exist until production and delivery reach mass-market scale. Early models carry the weight of large upfront investments and overhead. Cost pressures can be greater still for highly capable EVs in the pickup and SUV segments, like Rivian’s R1T. Our truck features a large battery pack designed to deliver the range and performance customers expect across a variety of demanding applications such as towing and off-road driving. This utility is key to making the R1T a compelling competitor to conventional trucks, but it does come at a price premium. As EV makers like Rivian work to bring input and production costs down, especially in costlier vehicle segments, sales incentives will continue to be important for accelerating the transition to EVs across the full range of passenger vehicles in demand today.

Similar issues are at play in the MHD market. Despite attractive total cost of ownership profiles over their lifetimes, EV vans and trucks are currently substantially more expensive to purchase upfront than conventional alternatives—a major hurdle for fleet customers.

⁴ New York State Climate Action Council, *Draft Scoping Plan* (December 30, 2021), 95.

Enhancing the EV purchase incentives currently available in New York in both the LD and MHD markets is crucial for overcoming the cost barrier and accelerating the market's transition. In our experience, the most effective purchase incentives are simple to understand, available at the point of sale, and broadly accessible to all buyers and for the full cross-section of vehicles drivers want and need. This rubric favors rebates, vouchers, or grants rather than tax credits, with broad applicant and vehicle eligibility.

Rivian welcomes the draft Plan's recommendation for a "feebate" to support LD EV sales. Designed well, a feebate can be essentially self-funding and would simultaneously incentivize EV purchases while deterring the sale of polluting conventional vehicles, helping to accelerate fleet turnover. The International Council on Clean Transportation has called feebates "**one of the best available policy options for reducing passenger car emissions.**"⁵ In the past, opponents of feebate proposals have argued that such a policy would unfairly penalize drivers who need relatively more polluting trucks or vans to meet their needs, or that feebates are too complex to administer. But automakers today offer no-compromise, zero-emission alternatives in every vehicle segment, including multiple pickups, SUVs, and vans. And feebates have been implemented for several years in European markets, providing a model for subsequent jurisdictions to follow.⁶ Rivian encourages New York to take the necessary steps to establish a feebate and become a national leader in pioneering this approach in the U.S.

In the MHD market, New York should reform its existing Truck Voucher Incentive Program. The existing funding sources, including finite Volkswagen Settlement funds and highly limited federal Congestion Mitigation and Air Quality (CMAQ) dollars, are insufficient to the task and can contribute to "on again, off again" uncertainty in voucher availability. Additionally, the state imposes a potentially burdensome scrappage requirement on most participating fleets and curtails availability of Class 3 vouchers to certain counties only. While perhaps well intentioned, such provisions introduce barriers to participation. To enhance the voucher program for maximum impact, **Rivian urges the state to commit to substantial and sustained funding, eliminate scrappage requirements, and make rebates available to all MHD classes statewide.**

CFS

CFS policies, also known as low carbon fuels standards, are powerful enablers of transportation electrification and serve a key role in the comprehensive climate policy strategies of several states. **Rivian applauds the Plan's inclusion of a CFS in its transportation sector recommendations.**

Several states already establish carbon intensity standards for transportation fuels and many more are actively considering legislation to develop their own. This is a testament to the tremendous value clean fuels policies can deliver, and not just in terms of job creation and economic activity as fuel providers innovate and invest in producing and supplying clean fuels to the market. Just as important, CFS programs

⁵ The International Council on Clean Transportation, Feebate Simulation Tool, available at www.theicct.org/tools-feebate-simulation/.

⁶ Zifei Yang, The International Council on Clean Transportation, *Practical Lessons in Vehicle Efficiency Policy: The 10-Year Evolution of France's CO2-Based Bonus-Malus (Feebate) System* (March 12, 2018), available at www.theicct.org/practical-lessons-in-vehicle-efficiency-policy-the-10-year-evolution-of-frances-co2-based-bonus-malus-feebate-system/.

reduce emissions and are responsible for tens of millions of tons of avoided GHGs and co-pollutants in the states where they are already in force, supporting climate goals as well as improving air quality and public health.⁷ Because communities that border major highways and roadways are disproportionately affected by local air pollution caused by vehicles burning fossil fuels, they stand to benefit directly from the increasing shift of clean fuels use on those same road networks.

CFS policies also catalyze growth in the EV market. With the right design, a CFS policy can incentivize automakers to accelerate the development and sale of highly utilized EVs in the policy’s territory—complementing the ZEV mandate that already exists—while also creating new revenues via the trading of compliance credits that can be used to fund EV purchase rebates or other investments. CFS programs also marshal private capital for public charger installations when they allow charging operators to earn the credits generated by dispensing electricity as a transportation fuel. Charging credits can play a critical role in deploying charging infrastructure equitably, allowing charging network providers to develop a viable business model when entering communities with less EV adoption and therefore low initial utilization rates.

In fleet applications, CFS policies create revenue streams that directly support fleet investments in EVs, including electric trucks, vans, and buses. Under a CFS, when fleets charge vehicles centrally at a depot or dispatching center, they fleet can capture the credits generated by the charging events. Those credits, in turn, generate revenue with direct benefits for total cost of ownership. In this way, **CFS programs inherently incentivize fleet-switching and the accompanying charger installation.**

CFS legislation has already been introduced in Albany with a notable breadth of member support. **Rivian urges the Climate Action Council to include recommending a CFS in the final version of the Scoping Plan and encourages New York policymakers to act swiftly to implement a CFS as soon as possible.**

Charging

Rivian supports the Plan’s acknowledgment of the need to quickly increase charging infrastructure across both LDV and MHD segments by leveraging both rebates and direct investment via state-level programs and/or market mechanisms like a CFS. In addition to funding, it is also critical to take action to streamline the installation process of charging infrastructure to enable scalability to meet New York’s transportation electrification goals. **Rivian therefore supports the Plan’s inclusion of incorporating charging readiness requirements for new buildings into New York’s building codes.** However, perhaps more importantly in the near-term, Rivian encourages New York to evaluate and streamline installation processes for existing buildings as well, including permitting and utility approvals.

Rivian also supports the Plan’s inclusion of utility rate design as a critical lever for the state to leverage to encourage EV adoption and infrastructure deployment. Managed and off-peak charging are necessary

⁷ Oregon Department of Environmental Quality, Oregon Clean Fuels Program, available at www.oregon.gov/deq/ghgp/cfp/Pages/default.aspx; Casey Kelley and Nikita Pavlenko, The International Council on Clean Transportation, *Working Paper 2020-29: Assessing the potential for low-carbon fuel standards as a mode of electric vehicle support* (December 2020), available at theicct.org/sites/default/files/publications/LCFS-and-EVs-dec2020.pdf.

elements of a scalable EV future given current grid constraints and should be encouraged via rate design for appropriate charging use cases (i.e., home, workplace, fleet charging). In addition, Rivian supports the recommendation for the PSC and NYSERDA to evaluate via rate design how to best leverage and compensate ZEVs as storage resources to support the grid during times of stress. However, it is again important to consider the appropriate charging use cases in which these rates should apply, specifically those with longer dwell times.

Finally, Rivian would like to place emphasis on the **need for robust engagement and planning activities with the State's utilities to enable the electrification of MHD fleets**. Given aging grid infrastructure, the collaboration between state agencies like DPS and the utilities to ensure adequate grid capacity and timely upgrades is critical. Given this, Rivian supports expanding New York's Green Bank scope to include the ability to assist with financing infrastructure upgrades to enable charging infrastructure to support New York's growing fleet of electric MHD vehicles.

Conclusion

Rivian believes that in our collective efforts to address climate change, we must all act with urgency. The draft Plan outlines many important actions, all of which are necessary for achieving the state's emissions reduction requirements in the transportation sector. We are strongly supportive of the draft Plan's recommendations and hope that our comments above help provide additional perspective on how to operationalize the recommended policies for maximum effect.

Please contact me with any questions. We thank the Climate Action Council for its efforts in developing the draft Plan and look forward to its finalization and subsequent steps toward implementation.

Sincerely,



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