

POLICY PRIORITIES FOR ADVANCING THE U.S. ELECTRIC VEHICLE MARKET

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The U.S. electric-vehicle industry has posted impressive growth over the last decade, with hundreds of companies now advancing the plug-in electric vehicle (PEV) market. But there is still much to do to further the transition to electric-drive vehicles. It will take a sophisticated set of policy tools and local action to spur manufacturers, utilities, localities, and states to fully commercialize PEVs.

Key Themes

- With the price, complexity, and carbon footprint of oil increasing and new climate regulations facilitating the shift to cleaner power, there has arguably never been a more pressing time for advancing vehicle electrification.
- Light-duty PEVs used for passenger travel, including plug-in hybrid and full battery electric vehicles, have the potential to make the greatest impact on the market and to reduce greenhouse gas emissions and local air pollution.
- Federal and state regulators are adopting emissions and fuel economy standards, but, while necessary, that may not be enough to transform the vehicle market.
- States and localities, which have generally advanced PEV commercialization more directly and effectively than in Washington, will likely be the source of the most durable solutions.

Recommendations for U.S. Policymakers

Motivate PEV manufacturers: Policies that help boost PEV sales will foster the large-scale commercialization of electric vehicles. In particular, policies should more broadly distribute tax incentives for purchasing these vehicles, and federal electric-vehicle programs should be extended and expanded to provide direct financial incentives to PEV manufacturers. Auto dealers leading the way in PEV sales should also be rewarded.

Shine the spotlight on states: Those states making the most headway in advancing low-carbon electric vehicles should be held up as examples to help assure uncommitted states of the opportunities offered by PEV commercialization. They should also be benchmarked to maintain their leading edge, and states should move away from fuel taxes and toward carbon pricing to compensate governments for their lost revenue.

Cultivate local PEV clusters: The federal government should target PEV policies at those regions where cleaner, renewable electricity is already generated because expanded PEV use in those regions will reduce carbon emissions. Similarly, programs should be targeted at cities already facilitating PEV use.

Promote PEV interactions with utilities: The transition to PEVs will be discouraged if electric-vehicle drivers that need to charge their cars face excessive electricity prices. Utility providers must be encouraged to revisit their electricity rate designs, invest strategically in recharging infrastructure, and investigate the effectiveness of decoupling regulations.

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