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SENATE COMMITTEE ON WAYS & MEANS  
Wednesday, February 20, 2019 — 10:05 a.m. — Room 211

## **Ulupono Initiative Supports SB 657 SD 1 with Comments, Relating to Electric Vehicles**

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee:

My name is Murray Clay and I am Managing Partner of the Ulupono Initiative, a Hawai'i-based impact investment firm that strives to improve the quality of life for the people of Hawai'i by working toward solutions that create more locally produced food; increase affordable, clean, renewable energy; and better manage waste and fresh water resources. Ulupono believes that self-sufficiency is essential to our future prosperity and will help shape a future where economic progress and mission-focused impact can work hand in hand.

**Ulupono supports SB 657 SD 1 with comments**, which:

- 1) Extends current electric vehicle benefits to 2030 (parking and high occupancy lane access) - **Support**
- 2) Reduces existing non-metered parking benefits for electric vehicles – **Support with Comments**, because this point will discourage the use of more efficient, cleaner forms of ground transportation

### **Recommended Amendments**

#### **Reduces Existing Non-Metered Electric Vehicle Parking Benefits – Support with Comments**

We appreciate the State's perspective and concern about lost parking revenue. It is also important to recognize that EVs are an avenue to address Hawai'i's pressing climate issues and align with the State's energy and environmental goals. We suggest that the State support EVs rather than reduce benefits to those who chose a healthier, cleaner option of transportation that benefits the broader community. In reducing benefits for EV drivers, we are discounting the positive attributes EVs offer and accepting the negative impacts that such a policy choice can have, primarily decreasing the transition to cleaner, healthier transportation. **Thus, we strongly recommend limiting the benefit to no more than 24 hours, as originally intended.**

*Investing in a Sustainable Hawai'i*

Reducing the parking benefit to only four hours will influence a major shift in behavior of EV drivers going to the Daniel K. Inouye International Airport and arguably negate the intended parking benefit for many EV drivers. In other words, reducing the benefit to four hours may be the equivalent to eliminating the benefit all together. For example, EV drivers traveling for multiple days will more than likely revert back to being picked up and dropped off, possibly by gasoline, emission-emitting vehicles, due to the high cost of multi-day parking. Even EV drivers making interisland day trips may opt to be dropped off rather than to park at the airport since their vehicles likely would be parked for longer than four hours. However, the degree of this behavior shift may also depend on how the proposal would be implemented (discussed below).

Limiting the benefit to 24 hours, provides benefits to those interisland day travelers and commuters while limiting the parking abuse by those traveling for multiple days. Therefore, we believe maintaining the original intent of the bill is a worthy balance rather than reducing or eliminating the benefit to most EV drivers and patrons of the Honolulu airport parking.

Furthermore, without having additional information, we strongly believe that the true cost of the EV parking benefit for the airport is likely negligible. Recent testimony suggested that the State is losing significant revenue due to EVs, particularly at the Daniel K. Inouye International Airport. As indicated above, reducing the benefit to four hours, and even 24 hours, will shift behaviors for EV drivers who will simply not park at the airport anymore. To be fair, some travelers that drive EVs (a fraction of the current 6,500 EVs on O'ahu) may not change behavior. However, we think it is very reasonable to assume strong behavior change, even with a 24-hour limit. As a result, the true financial impact and cost of the EV parking benefit is arguably minimal.

Finally, we have concerns, particularly at the Honolulu airport, regarding implementation of the current proposal, which excludes benefits for non-metered parking longer than four hours. While implementation does not change the points above, the bill could be far more damaging to EV benefits depending on how it is implemented. More specifically, it is not clear how an EV parked at the Honolulu airport for longer than four hours would be charged:

- a) Is the EV charged the rate for the total hours parked (e.g., parked for twelve hours; charged for twelve hours, which is \$18 at the airport; no benefit is received),
- b) Is the EV charged the rate for the total hours parked less four hours (e.g. parked for twelve hours; charged for 8 hours, which is \$18 at the airport; no benefit is received), or
- c) Is the EV charged the rate for the total hours parked less the rate for four hours (e.g. parked for twelve hours; charged the cost difference between twelve and four hours of parking at the airport, which is \$9; some benefit is received)

\* Note that Honolulu airport parking has a maximum daily rate of \$18 upon surpassing 5 hours of parking

The comments provided should also simplify the implementation and avoid different interpretations that could lead to varying charges and degrees of incentive for EVs owners.

### **Benefits of Electric Vehicles (EVs)**

Overall, EVs are an important avenue to address Hawai'i's pressing climate issues and align with the State's health, energy and environmental goals. While Hawai'i's electric power sector continues to make progress toward its 100 percent renewable portfolio standard (RPS) mandate, our transportation sector has received little attention.

Thus, we strongly support policies that promote the increased adoption of EVs so that the community and state can reap the benefits that these clean transportation solutions provide:

- EVs can alleviate Hawai'i's high cost of living
- EVs provide immediate impact to reduce our dependence on fossil fuels and decrease greenhouse gas (GHG) emissions, which improves the health and resilience of our communities
- EV market is still nascent but prime for market acceleration
- Hawai'i should be doing more to promote EVs and EV infrastructure

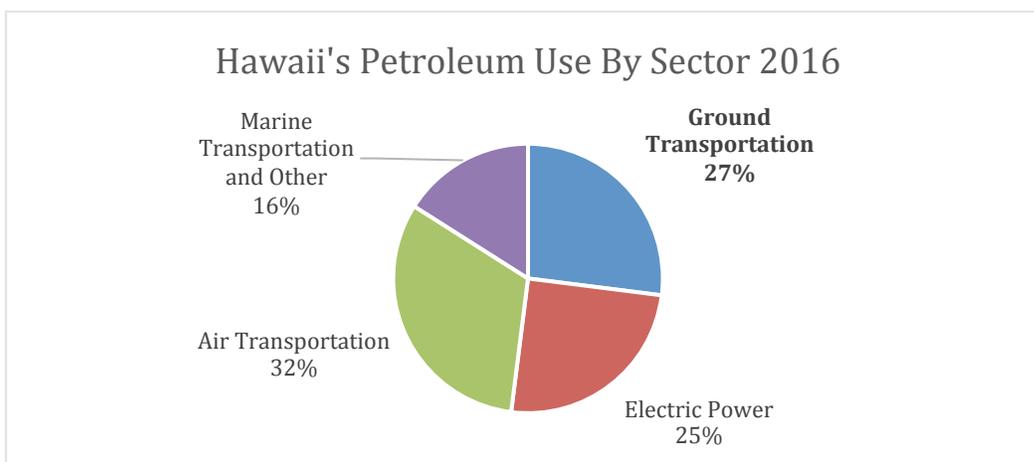
### **EVs Can Alleviate Hawai'i's High Cost of Living**

EVs are an increasingly affordable option for all. For example, the 2019 Nissan Leaf's average MSRP is \$33,095. After the Federal tax credit is considered, the purchase price is \$25,595, which is less than the best selling sedan in the country, the 2019 Toyota Camry. Attachment A to our testimony compares the purchase price of non-luxury EVs with top-selling sedans and the Toyota Tacoma (the top selling vehicle in Hawai'i).

EVs are also cheaper to operate and maintain because they have fewer moving parts and are more fuel-efficient. According to a recent study by the Union of Concerned Scientists, Honolulu drivers could save more than \$500 per year by switching to an EV.

### **EVs Provide Immediate Energy and Environmental Impact**

Ground transportation alone utilizes more than a quarter of the state's imported petroleum. Electrifying ground transportation will reduce our demand for imported fossil fuels, keeping millions of dollars in the state and cutting harmful pollution.



*Source: Hawaii State Energy Office – Hawaii Energy Facts & Figures*

Converting from petroleum-based vehicles to EVs immediately reduces GHG emissions, helping combat climate change and its impacts on our islands, as well as improving the community's health and resilience. EVs produce zero-emissions at the tailpipe, and even when full lifecycle emissions (from manufacturing through disposal) are considered, EV emissions are approximately 50 percent lower than internal combustion engine (ICE) vehicles.

Furthermore, EVs can support the integration of more renewables on the electric grid with smart charging technology and rate structures. Thus, proliferating EVs throughout Hawai'i can help accelerate progress towards the State's 100 percent RPS goal, as well as contribute to the State's Paris Agreement commitments and carbon neutral goal.

### **EV Market Is Still Nascent But Prime For Market Acceleration**

From a market perspective, EV adoption in Hawai'i has shown impressive growth, and the state ranks second in the nation behind California in the number of EVs per capita. As of November 2018, there were more than 8,000 passenger EVs registered in Hawai'i, a 24 percent growth from the previous year. This progress is despite not having strong supporting policies as seen in other states, municipalities and countries.

Based on global and local trends, these adoption numbers are expected to increase exponentially by 2030. Major automobile manufacturers, from Volvo to Volkswagen, have announced plans to offer electric versions of all their vehicle models. Even Ford has announced plans for an all-electric F-150 pickup truck, the #1 selling vehicle in the country. Policies across the globe are further supporting this transition; in fact, Britain and France have committed to end sales of gas-powered vehicles by 2040.

However, we simply cannot wait. A new report by the United Nation Intergovernmental Panel on Climate Change warns global human-caused emissions of carbon dioxide need to fall 45 percent by 2030, and it will "require rapid, far-reaching and unprecedented changes



in all aspects of society.” We must be proactive and act now with strong policy.

### **In Closing – Collectively, Policy Needs To Support EVs and More Efficient Vehicles**

While EV adoption has shown impressive growth in Hawai‘i, they currently represent less than one percent of all vehicles in the state. It is far too early in the adoption curve to start reducing existing benefits for EVs, and Hawai‘i must encourage this promising market.

In fact, according to the Hawai‘i Natural Energy Institute’s “Factors Affecting EV Adoption” report in 2015, the State of Hawai‘i’s EV benefits are a valuable incentive to EV owners and prospective buyers. 14 states have direct incentives to promote EV adoption - Hawai‘i is the only top 10 ranked state (for EV adoption) that does not offer a direct monetary subsidy to incentivize EV usage. Therefore, any diminishment of these parking benefits could slow our progress towards the clean transportation vision of the State.

Most importantly, limiting the parking benefit sends a message that the State is not serious about climate change and does not believe in the importance of EVs in advancing its sustainability goals. There are several proposed bills in the 2019 legislative session that are EV-related, including a bill seeking to establish an EV registration fee. Combined, these bills would be detrimental to EV sales and supply. In fact, recent research by the University of California Institute of Transportation Studies indicates that such bills could reduce EV sales by up to 20 percent. Additionally, the bills would contradict the State’s energy and environmental goals.

Alternatively, there are a number of proposed bills that show strong support for EV adoption, including a rebate/tax credit for investing in EV charging infrastructure. We implore the members of the committees to consider all of the bills holistically in light of the State’s commitments to clean energy and the environment. By countering bills that will reduce direct incentives and hinder EV adoption with those that offer direct incentives and support EVs, the State can build on the current momentum and signal to the market that we support clean transportation.

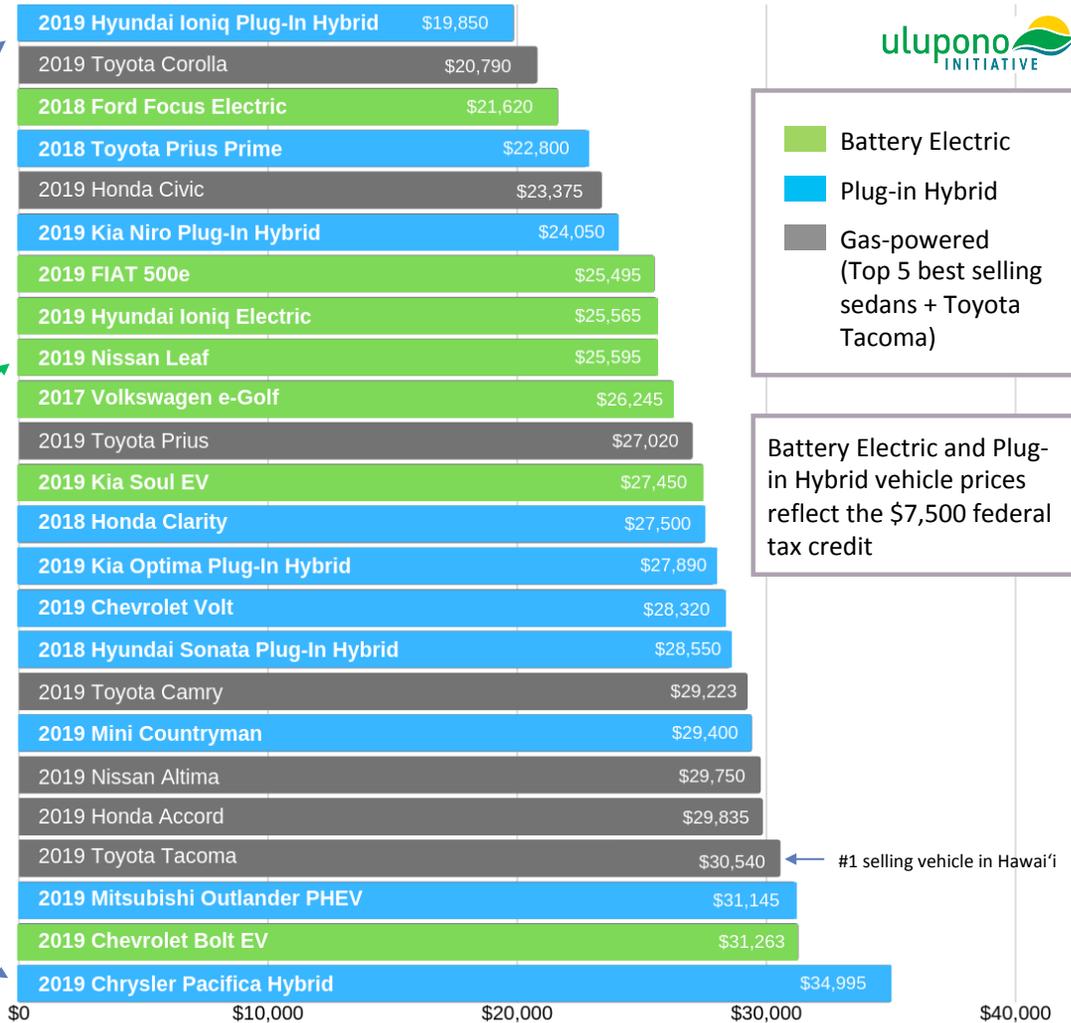
As Hawai‘i’s energy issues become increasingly complex and challenging, we appreciate this committee’s efforts to look at policies that support clean ground transportation.

Thank you for this opportunity to testify.

Respectfully,

Murray Clay  
Managing Partner

## Many Affordable EV Options Non-Luxury Vehicle Models (attachment A)



Nationwide Average MSRP Data from Edmunds – January 2019