

RE: Delaware Adoption of Cars II and the ZEV Mandate

Date: May 26

As a car dealer in the state of Delaware, and the President of the Delaware Automotive and Truck Dealer Association I respectfully request that DNREC reconsider joining the ZEV program. Our organization of 75 independent businesses that employ nearly 1000 people in the state will have significant difficulty as a result of this passing.

Primarily, the State is attempting to fix a problem (state emissions) by controlling one industry (car manufacturing.) The theory, as it has been stated in several meetings, is that the State's residents will not be able to get electric cars if Delaware does not join. This is a false assumption, and is purely supported by anecdotal evidence rather than factual data. Look at Diver Chevrolet, who remains one of the top Bolt dealers in the Philadelphia region, prior to Delaware joining ZEV. Look at the fact that Delaware was already in the top 50% of states for electric vehicle adoption as a percentage of total sales without being a ZEV state.


This regulation will only serve to force manufacturers to deliver more electric inventory to the state. It will not ensure that there is a demand for purchasing these vehicles off the lots. This will create two problems. First, by increasing electric vehicle availability manufacturers will also limit combustion availability to ensure they hit targets set out in ZEV. As a result, the average costs of vehicles will increase substantially, as electric vehicles are at a minimum \$10,000 more expensive than their ICE counterparts. Second, these vehicles will arrive on dealers lots, who will then need to pay to store those vehicles. Our current floor plan rate (the rate a dealer pays in interest for its inventory) is between seven and nine percent. If the inventory does not turn because there is not enough demand, the dealer, not the manufacturer, will be forced to pay for all of this inventory.

Creating demand is vital to this process, and as of yet the state has not done enough to create a demand in Delaware. We have limited fast charging, or charging of any kind. A resident of Wilmington has really no where to plug in, and no plan going forward to how that is going to be fixed. Dealers will continue to invest in infrastructure at their locations, but those millions being spent are a drop in the bucket compared to what is necessary to encourage demand in the 30% range in three years. Charging is incredibly expensive to set up, and we have done very little in this state to do it.

Our dealers are enthusiastic about the future of electric vehicles. Though some of us doubt that we will ever be 100% electric, electric vehicles are going to be a major component of the vehicle market for the foreseeable future. And, that is without regulation. If the market is allowed to dictate sales, which is what will happen without ZEV being placed, Delawareans will

continue to see more electric vehicle offerings and more availability of vehicles. Our current lack of stock is much more an indicator of production problems than manufacturers not sending electric cars to non ZEV States. Additionally, dealers in ZEV states are already overloaded with inventory. Florida is the number two state for EV Sales, and is not a ZEV state. Our Ford dealership has Lightnings that have been available for months without anyone showing any interest.

Stock is not Delaware's problem. Delaware needs to focus it's resources on a significant amount of infrastructure. Place chargers in every large employer, every shopping center, and people will see that EV's are a legitimate option. Our current plan of force the vehicles to show up in the state and assume people will buy them is flawed. Florida is not clamoring to be a ZEV state, because they have demand are getting the vehicles. When demand builds in our state the vehicles will come, forcing this to happen will hurt Delaware's most vulnerable, as they will no longer be able to afford personal transportation. Let's fine a path forward together, without a mandate. Thank you for your time.



Sincerely,

Joseph (Chip) Sheridan, Esq.

President- Delaware Auto and Truck Dealers Association

Vice President- Sheridan Auto Group (Sheridan Ford and Nissan)