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TESTIMONY of

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**2022 Joint Legislative Budget Hearing on Transportation
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Thank you for the opportunity to provide testimony on the proposed Executive Budget on behalf of Rivian Automotive, LLC ("Rivian"). This testimony will focus on our support of including EV direct sales and the clean fuels standard ("CFS") as a part of Governor's proposal to electrify transportation in New York.

Founded in 2009, Rivian is an American manufacturer of all-electric adventure vehicles™. With over 12,000 employees across the U.S., Rivian's focus is the design, development, manufacture, and distribution of all electric, zero emissions vehicles, specifically pickups, and SUVs. Rivian has begun production, sales, and deliveries of our two models, the R1T pickup and the R1S seven-seat SUV, from our manufacturing facility in Normal, Illinois. 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 these electric Amazon vehicles began in 2021. Additionally, Rivian is building out a nationwide charging network with thousands of DC fast chargers and+ level-2 chargers planned through 2023 across the country, including sites across New York.

The New York Legislature has passed important legislation to increase electric vehicle adoption in the state. During Climate Week in September 2021, Governor Hochul demonstrated her commitment to climate by signing into law, [S.2758 \(Harckham\)/A.4302 \(Englebright\)](#), establishing a rule that all in-state sales of new passenger cars and trucks be zero-emission by 2035 and for 100% of medium- and heavy-duty vehicles to be zero-emission vehicles by 2045. As a part of the Multi-State Zero Emission Vehicle Memorandum of Understanding established in 2014, former Governor Cuomo announced the goal of having 850,000 ZEVs on the road by 2025, and 2 million ZEVs by 2030. Additionally, the Climate Leadership and Community Protection Act (CLCPA) requires the New York to achieve a carbon-free electricity system by 2040, and commits to a 40% reduction in greenhouse gas emissions from 1990 levels by 2030, and 85% by 2050.

A huge shift in the availability of electric vehicles will be required for New York to meet its goals. Rivian is hopeful that recent non-binding goals by auto giants like Ford and GM to have 40%-50% of their U.S. sales come from EVs, fuel cell or plug-in hybrid vehicles by 2030, will actually come to fruition. However, if hybrid vehicles are still being produced in 2030 in lieu of EVs, those aspirational goals do not come close to meeting the urgent need to act on climate. Further, these goals fall far short of meeting New

York's mandate for all new passenger cars and trucks to be zero emission by 2035. For this reason, despite commendable policies, and aggressive investments in charging and incentive programs, New York is not going to come close to meeting its admirable electric vehicle transportation goals if important implementation policy is not advanced: most notably, policies that would allow for EV direct sales and the creation of a Clean Fuel Standard. This is why the need for these policies was recognized by the New York Climate Action Council and were included in the council's draft scoping plan and Rivian requests that they are included in the Executive Budget.

Electric Vehicle Direct Sales

New York's franchised dealers and the traditional automakers are not meeting the moment. The EV sales from 2020 demonstrate this: collectively, 1,896 EVs were sold from the state's 848 franchised dealerships, or only .2% of New York State's total car sales, with an average of two EVs sold per dealer. By comparison, the five licensed Tesla locations sold over ten thousand vehicles in New York. Earlier this year, ACE NY contacted 19 auto dealers in the Syracuse area to collect data for a whitepaper¹ on EV availability; of these 19, only four dealers had a combined ten EVs on their lots to test drive. This is consistent with a nationwide study by The Sierra Club¹ which found that 74% of auto dealerships in the country 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.

Rivian will sell all its vehicles, for both consumers and fleets, through a direct sales model. Rivian does not have any franchised dealers anywhere in the world. Rivian will utilize our physical spaces to create a curated experience for our visitors. In these spaces, we wish to inspire people by connecting them with their community and with nature. Rivian chose to sell directly because it presented the best opportunity for our success as a new electric vehicle company. Introducing our new brand to the world requires innovation in the vehicle technology and design, as well as the distribution process. A study by Cox Automotive² showed that seven out of ten would prefer a "brand experience center" without a high-pressure sales environment and 61% of consumers want help from a product specialist instead of a sales person, demonstrating an opportunity and need for improvements. New York vehicle customers deserve the option to choose their preferred style of automotive purchasing experience, rather than being shoehorned into the traditional dealership model.

In states like New York, which prohibit Rivian from selling electric vehicles directly, Rivian 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, process registration and titles themselves, and potentially even having to travel

¹ [A Nationwide Study of the Electric Vehicle Shopping Experience | The Sierra Club \(sierraclub.org\)](https://www.sierraclub.org)

² [Reimagining the Automotive Consumer Experience | Cox Automotive \(coxautoinc.com\)](https://www.coxautoinc.com)

out of state (e.g., to Massachusetts or Vermont) to pick up their Rivian vehicle. These additional hurdles will only serve to discourage New Yorkers from purchasing the zero emission vehicles they desire, and positions the state as a laggard on both transportation innovation and consumer choice. Meanwhile, the state cannot benefit from investment and job creation by EV-only manufacturers, and may sacrifice sales tax or vehicle purchase fees, in addition to surrendering regulatory authority over the sales process.

There is simply no sound policy to prohibit EV manufacturers like Rivian from selling vehicles in the state, which is why most U.S. states are either fully or partially open to direct EV sales from new manufacturers. Direct-sale manufacturers do not harm franchised auto dealers. The policy under consideration fully protects franchise dealerships and their existing relationships with legacy automakers: any automaker that currently or historically sold through franchise dealers would not be able to sell directly. No franchised dealer has had to close its doors or lay off employees because a non-franchised manufacturer was allowed to sell directly. According to National Auto Dealer Association (NADA) statistics³, sales revenue at franchised auto dealers has increased by 52% nationwide in the years since Tesla entered the market with its direct-sales model, while employment grew at 18 percent. Of the top 20 states for franchised dealer job growth since 2012, 17 allow direct sales, with 57 Tesla stores between them.

Quite simply, added competition from direct sales is good for the existing franchise sales system, consumers, and electric vehicle adoption.

Clean Fuel Standard

Rivian also encourages New York to adopt a clean fuel standard (“CFS”) and asks that provision like in S.2962-A (Parker)/A.862-A (Woerner) be included in the State budget. This policy is a proven approach to reducing greenhouse gas emissions and air pollution from the transportation sector, and a powerful enabler of transportation electrification—so much so that legislation to develop a standard has garnered broad support among your colleagues and the state’s Climate Action Council has included a recommendation that New York implement a CFS in its draft scoping plan. By design, clean fuels policies incentivize and thus marshal private capital for charging infrastructure development. And with the appropriate frameworks in place, their credit-trading markets also create new revenue streams that can support consumer purchases of EVs, manufacturer investment, and fleet-switching by both light- and medium-/heavy-duty (“MHD”) fleet operators.

That direct support for MHD fleet investments would be particularly valuable now given New York’s recent adoption of the Advanced Clean Trucks (“ACT”) rule. Zero-emission electric vans, trucks, and buses will displace the dirtiest vehicles on New York’s roads but are typically more costly at point of purchase than conventional alternatives. Under a CFS, however, when fleets charge vehicles centrally at a depot or dispatching center

³ Analysis based on NADA data: [2012](#) and [2019](#)

and they own the charger, they can capture the credits generated by the charging events. Selling those credits in turn generates revenue with direct benefits for total cost of ownership and a fleet's business case for investing in EVs. This is a significant feature of existing CFS policies. In California, for example, regulators designing ACT assumed that commercial vehicle owners/operators would realize CFS revenue during operation and that it would help support MHD EV adoption under the rule. Ensuring that similar incentives and revenue opportunities are available in New York is crucial.

At Rivian, we believe there is a more responsible way to explore the world and are determined to make the transition to sustainable transportation an exciting one. Rivian's R1T and R1S which are available for purchase today, will displace the heaviest polluting passenger vehicles on the road. We support policies that would allow for the direct sales of electric vehicles and the creation of a Clean Fuel Standard because Rivian wants to help the state electrify the transportation sector in order to meet state climate goals and to build the kind of future our kids and our kids' kids deserve. Decarbonizing our transportation sector is a huge challenge, and we look forward to joining the state in that urgent effort.

Thank you for the opportunity to provide input on the transportation part of the Executive Budget. Please feel free to contact me if you have any questions or comments regarding this testimony.