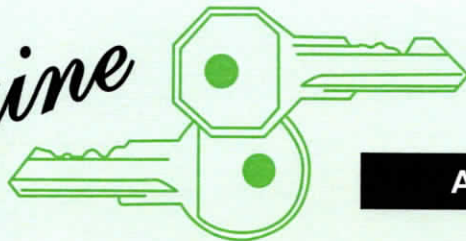


Maine



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Good morning, Madame Chair, Board Members, Commissioner.

My name is Tom Brown, I am President of the Maine Automobile Dealers Association, the state-wide organization of franchised new car and truck dealers, all of whom belong to MADA. We submit these comments in response to the Rule 127-A petition mandating certain sales levels of light-duty (up to 8500 GVW) vehicles.

Our dealerships sell and service new and used vehicles, parts and accessories at over 200 locations throughout Maine, and employ over 6000 men and women to serve their customers. Dealerships will sell customers whatever the customer wants from products made by the manufacturer they represent. We support voluntary selection of available vehicles by our customers. We oppose mandatory sales levels.

When a customer seeks a new or used vehicle, dealership personnel work with the customer to meet their needs and wants in a vehicle, trying to match those requests with the vehicles produced by the manufacturers the dealership represents. We support customer choice, and oppose governmentally limited vehicle availability.

Today's focus is on electrified vehicles -- EVs. On the light-duty side, those under 8500 GVW (Gross Vehicle Weight), most Maine dealerships currently have EVs available from their manufacturers. Maine dealerships have been and continue to sell EVs to customers who want them. Dealerships currently have EV inventory on their lot for customer viewing, test drives and purchase or lease. That inventory is growing, as manufacturers continue to introduce new EV models and produce more of them, with some limitations. There is no EV supply problem – dealerships have inventory of unsold light-duty EVs today.

Dealerships have been, and continue to, invest significant monies to handle EVs – challenges include bringing 3-phase power to the location; utility transformers and switching boxes are significantly delayed due to a nation-wide shortage; in many cases dealerships need to substantially upgrade or entirely replace their internal electrical setup; ongoing utility costs for maintenance of new electrical service; EV charger (levels 2 and 3) costs to purchase and install. In some instances over \$1 million has been spent or committed at dealerships for this purpose.

As we understand it, the percentage of new EVs sold to Maine residents is currently about 5% of total new vehicle sales. This proposal would mandate a 43% new EV sales level starting with the 2027 model year, which is about the Summer of 2026. We will leave it to you to decide whether that is reasonable to achieve.

The California rules define “sale” in such a way as to mean the transaction between the manufacturer and the dealership, not the purchase by an ultimate user. Since any penalties for not meeting 43% EV sales would fall on the manufacturer, and given that manufacturers do not want to pay such penalties, and given the definition of “sale”, the manufacturers will ensure that a sufficient mix of EVs and ICEs are on dealership lots. Like it or not, warranted by customer interest or not, dealerships will have in stock the vehicles necessary to meet manufacturer obligations, not necessarily the vehicles customers want or need.

When a vehicle is going to a dealership, the manufacturer draws the total cost of the vehicle from the dealership’s financing source (bank or manufacturer finance company) when the vehicle is shipped. Under the California rules, that constitutes a “sale”. The result is that, regardless of Maine customer interest in and purchase of EVs, the manufacturer will have met its burden, and dealerships will be left with unsold inventory for which they are paying interest to a financing source. We leave it to you to determine whether that is reasonable.

And what about customer choice. This Rule significantly reduces, and potentially eliminates, the ability of a customer to choose a vehicle type which matches their needs and wants. What can they do -- they can go to NH or other states which do not impose the same limitations – Maine does not impose registration denial, so they can come back to Maine and register and drive vehicles Maine dealerships cannot sell. Another alternative for customers is to keep their current vehicle or trade for another used vehicle, which also negates the intended purpose of improving the Maine climate.

The decision to purchase a new vehicle, of whatever type, is 100% the decision of that customer. Dealerships do not make those decisions. A customer must be comfortable with selecting an EV model versus another type of vehicle for the sale to happen. Today only 5% of new vehicle purchases in Maine are EVs. Customers must get comfortable with EVs for there to be any increase in the % of EVs sold.

There are several factors which will impact that customer decision:

** Do the EVs available meet the needs of the customer for personal, family, recreational and work use;

** Is the cost of the vehicle something the customer can afford -- EVs are generally more expensive;

** Do federal and state financial incentives apply to the vehicle and to the customer – not necessarily, and there is an uncertain future as to the level of federal and state incentives which will be available;

** Where and how and at what cost do I re-charge the EV – the infrastructure of charging stations is a work in progress and a long ways to go to become convenient, reliable, reasonably available – connections in the vehicle are different – costs vary considerably at charging stations – setting up charging at home can create additional costs – length of time to re-charge is another variable;

** Are battery packs safe, how long will they last, what to do if it fails;

** Is Maine's electric grid capacity sufficient for such a significant change in demand, and at what price.

To summarize: Our dealerships' mission is to help customers obtain a vehicle which meets the customer's needs and wants. Dealerships do not care whether that vehicle is an ICE or an EV, or is powered in some other way. Dealers believe in voluntary selection by customers. Supply of EVs is not an issue – there is a wide selection of EVs in dealership inventory today.

Thank you for your time and attention.