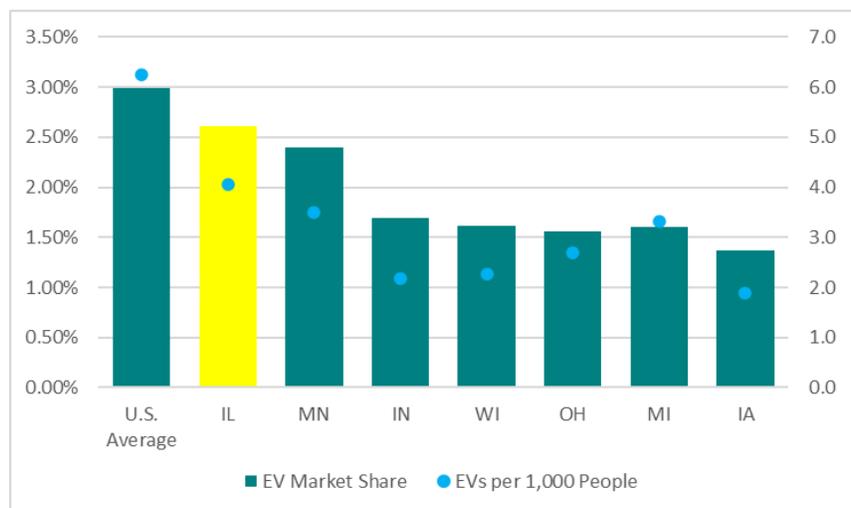


The Electrification Coalition (EC) is building upon its work in the Midwest, providing policy and implementation support at the state level to accelerate transportation electrification. These efforts will reduce the national and economic security risks caused by our nation's dependence on oil, a resource controlled by actors who do not share our interests or values. The most recent price shock due to Russia's invasion of Ukraine shows that we cannot insulate American consumers from this market volatility. Our only option is to rapidly reduce our use of oil by transitioning to electrification to power our transportation systems.

Generally, states in the Midwest lag behind the national average for electric vehicle (EV) sales as a portion of light-duty vehicle sales. Figure 1 shows that since 2019, EV adoption rates in Midwest states—Illinois, Minnesota, Indiana, Wisconsin, Ohio, Michigan, and Iowa—have stayed below the national average by between 0.4% and 1.63%. Illinois leads this cohort, with 2.61% EV sales over the past three years. Indiana's rate is almost a full percent below Illinois's at 1.69%. Wisconsin, Ohio, and Michigan are close behind Indiana, with EV adoption rates between 1.55 and 1.61%.

Figure 1 also shows the EVs per 1,000 people in each state, which sits between two and four EVs per 1,000 people in the Midwest. Compare this to the national average of 6.25. Adoption in Illinois, the leading Midwestern state, is closest to the national average, with 4.06 EVs per 1,000 people.

Figure 1. Cumulative EV Penetration Rates and EVs per 1,000 People, Midwest: Q1 2019–Q3 2022



Source: Electrification Coalition (Data provided by Atlas Public Policy)



*Indiana Governor Eric Holcomb*

Robust state policy is critical to overcoming the early-stage market challenges of transportation electrification in the Midwest. This includes opportunities to activate the executive and legislative branches and regulatory agencies, as well as to drive action with local governments. While the political landscape within the Midwest varies from state to state and across election cycles, governors have generally emerged as key

leaders in the region. State legislatures have generally been tepid in their support of transportation electrification. This is often a reflection of the urban/rural divide, with support for transportation electrification generally lower outside of urban centers, which often have more momentum behind EV adoption.

Many of the largest cities in the Midwest have taken action to advance the uptake of EVs, but it has been difficult to adopt similar programs in less populated areas, driving this divide even further. Until recently, the Midwest has placed less concern on automobile emissions than other regions such as the West Coast and the Northeast. Many states in the Midwest have not yet undertaken efforts to address air quality or climate change, and those that have, like Illinois, have historically focused on clean energy over clean transportation. Building support for EVs in the region will require policies and programs that bridge the urban/rural divide and accelerate adoption outside major city centers.

## Overview

This brief outlines the policies, strategies, and partners necessary for Indiana to achieve a more robust EV future.

The Electrification Coalition (EC) developed this document to guide the work of the EC State EV Policy Accelerator over the next two years, and it features our assessment of the policy opportunities, pathways, messaging, and key players that will be most effective in achieving progress in the near term. It reflects input from a wide range of on-the-ground stakeholders and builds upon the insights of previous roadmaps and guidance documents, including those developed by the EC. It accounts for the Indiana transportation sector's current

impacts on public health, safety, and the economy. From the collection of policy opportunities we examine here, the EC has identified a set of high-impact areas of engagement where we will dedicate our resources in partnership with other players. Our goal: Electrify the Hoosier State.

The importance of the transportation sector's transition from petroleum to electricity extends beyond emissions reductions. About 90% of transportation in the United States is currently powered by oil. This dependence has bound the United States' national, economic, and energy security to a highly volatile, cartel-influenced global oil market.<sup>1</sup> Every year, the **U.S. military spends roughly \$81 billion** to safeguard global oil supplies.<sup>2</sup> Eighty percent of conventional crude oil reserves are controlled by OPEC member states that do not share U.S. strategic values or interests.<sup>3</sup> Some economists have estimated that the financial resources spent by the military equate to a U.S. taxpayer **subsidy of up to \$0.70 per gallon** of gasoline.<sup>4</sup> The U.S. has gone to great lengths to secure oil supply and reduce volatility globally, but not all supply disruptions can be predicted or prevented. And because oil is a global commodity, no matter where the oil supply is disrupted, prices everywhere are affected. If the U.S. is to attain true energy security, we must accelerate the transition from petroleum-dependent transportation to electric vehicles.

The direct financial impact of transportation electrification can be significant. The transportation sector in Illinois consumed approximately 175 million barrels of petroleum in 2019, at an annual cost of roughly \$19.7 billion.<sup>5</sup> For comparison, the gross state product of Indiana was roughly \$412 billion in 2021.<sup>6</sup>

The Midwest is known for its rich automotive and manufacturing heritage. As both new and legacy auto manufacturers transition towards our electric future, the Midwest offers the industry access to world-class supply chains, industry expertise, and skilled labor. In Indiana, EV manufacturers include prominent industry players such as Ford,



*An all-electric Rivian R1T parked on the Ohio-Indiana border*

<sup>1</sup> U.S. Energy Information Agency. "Use of energy explained: Energy use for transportation." <https://bit.ly/3WzHq2k>

<sup>2</sup> SAFE. "The Military Cost of Defending the Global Oil Supply." 2018. <https://bit.ly/3XYwf3W>

<sup>3</sup> OPEC. "Annual Statistical Bulletin." 2021. <https://bit.ly/400ZgOk>

<sup>4</sup> *Ibid* 2.

<sup>5</sup> U.S. Energy Information Administration. "State Energy Data System." 2022. <https://bit.ly/3XZ2SOT>

<sup>6</sup> Bureau of Economic Analysis. Economic Profile of Illinois. 2021. <https://bit.ly/3JNA5Jp>



General Motors metal stamping facility in Marion, Indiana

General Motors, and Stellantis, as well as new market entrants including Rivian and Workhorse. Stellantis and Samsung SDI have announced a joint partnership to develop an EV battery manufacturing facility in Kokomo, IN, an investment of \$2.5 billion in the state. General Motors has also announced an investment of nearly half a billion dollars to re-tool a facility in Marion, IN for EVs. Additionally, Indiana is on the shortlist for a few other EV battery plants, totaling another potential \$6.8 billion that could end up in the

state to build out EV supply chains.<sup>7</sup>

A combination of federal, state, and local support is beginning to catalyze private investment in the buildout of EV charging infrastructure and across the EV supply chain. As of September 2022, Indiana continues to allocate the \$40.9 million from the Volkswagen Settlement towards clean transportation projects. The federal government has also allocated over \$99 million to Indiana as a part of the National Electric Vehicle Infrastructure Formula Program.

Electrification of the medium- and heavy-duty vehicle sectors in Indiana will be another critical component of reducing oil dependence, as well as addressing the associated public health and air quality issues, especially as the Midwest, and Indiana specifically, is a critical freight transportation hub for the region and the country. The image to the right from the Bureau of Transportation Statistics exemplifies the Midwest's role in freight transportation throughout the country.<sup>8</sup> Preparing Indiana to

Figure 2. Projected Average Daily Long-Haul Truck Traffic on the National Highway System: 2045



Source: U.S. Department of Transportation, Bureau of Transportation Statistics.

<sup>7</sup> South Bend Tribune. "Indiana poised to be a manufacturing hub for electric vehicles, parts." <https://bit.ly/3X4lufD>

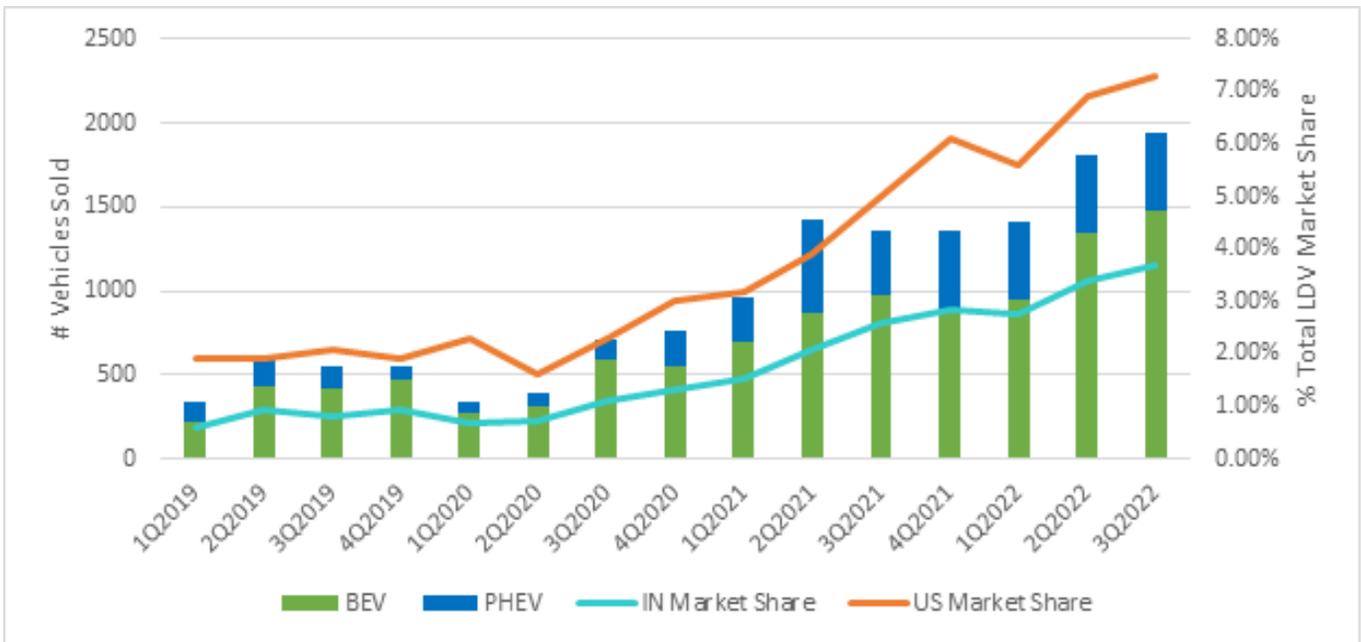
<sup>8</sup> U.S. Department of Transportation, Bureau of Transportation Statistics and Federal Highway Administration. "Freight Analysis Framework." Version 4.5. 2019.

support electric commercial vehicles traveling through and within the state/region will be essential to ensuring these vital supply chain routes will be safeguarded from energy price shocks stemming from volatile oil markets.

## Indiana Market Development

The Hoosier State is third in the region in EV adoption, with roughly 1.69 percent of vehicle sales being battery electric or plug-in hybrids since 2019. However, the state still lags behind the national average of 3 percent. Figure 2 illustrates quarterly light-duty EV sales performance in Indiana since 2019, during which time quarterly EV sales have more than quadrupled. Battery electric vehicles (BEVs) make up most of these sales (versus plug-in hybrids—or PHEVs). While market growth in the U.S. has not grown as quickly, Indiana is still below the country as a whole.

Figure 2. EVs Sold in Indiana and Market Share: Q1 2019–Q3 2022



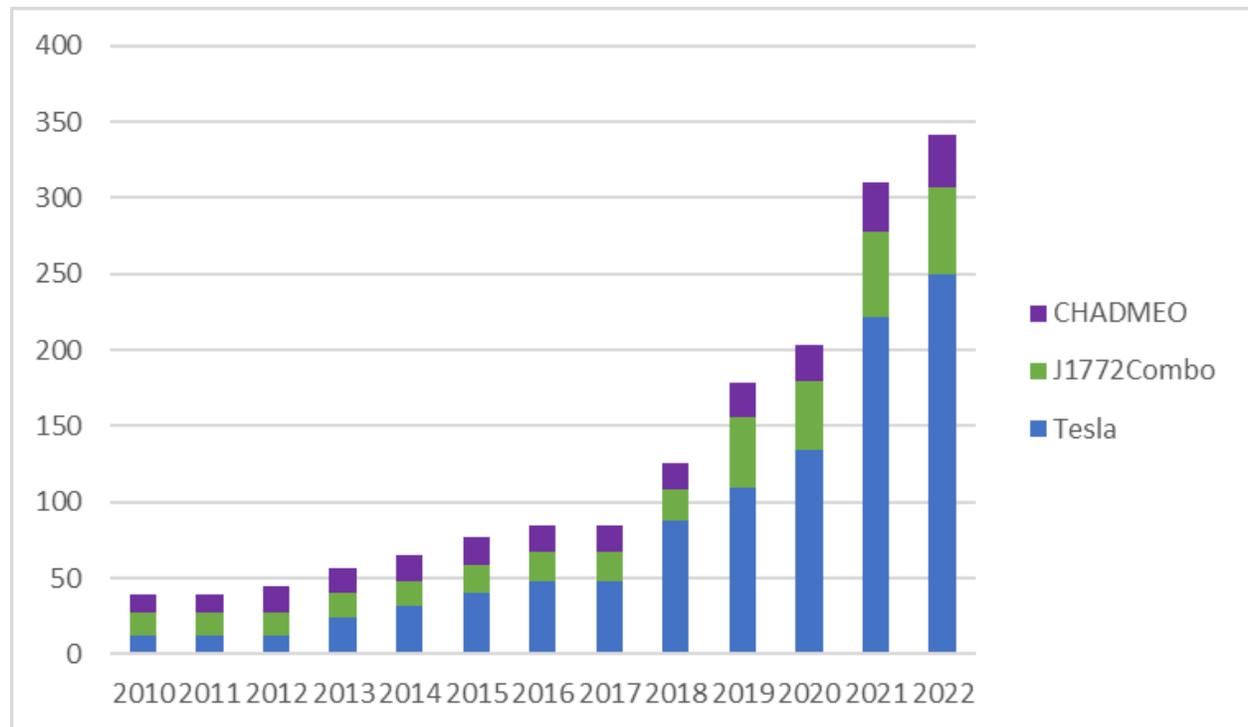
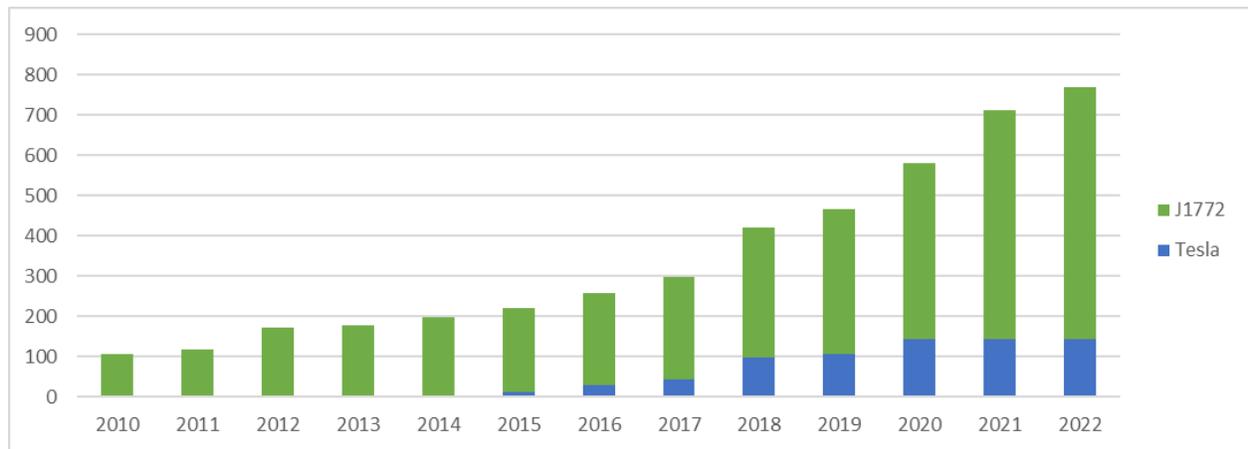
Source: Electrification Coalition (Data provided by Atlas Public Policy)

While approximately 80% of EV charging is done at home or at work, access to public EV charging infrastructure has shown to be an essential element of a thriving EV market.<sup>9</sup> Without a sufficient amount of public charging ports and widely dispersed locations across each state, consumers may be reluctant to consider purchasing EVs due to perceptions of range anxiety and inability to charge in public. Through December 1, 2022, there have been a

<sup>9</sup> U.S. Department of Energy: Office of Energy Efficiency & Renewable Energy. "Charging at Home." <https://bit.ly/3YpOvUi>

total of 1,110 charging ports (including both Level 2 and DC fast charging) ports deployed in Indiana. Roughly 394 of those public charging stations, and over 80% of the DC fast chargers, are proprietary Tesla chargers, and are not currently available for non-Tesla users. It is important to note 55 additional Level 2 stations and 61 DCFC stations were announced in 2022 through the Volkswagen Environmental Mitigation Trust Program.

Figure 3. EVSE Installations in Indiana: 2010–12/1/2022 (Top graph Level 2 charger ports, bottom graph DC fast charger ports)



Source: Electrification Coalition (Data provided by Atlas Public Policy)

## Electrification of Medium- and Heavy-Duty Sectors

Deployment of electric medium- and heavy-duty vehicles (e-MHDVs) in both Indiana and nationally is in the very early stages. Most deployments so far have been via small pilot projects. However, manufacturers are investing heavily to electrify more commercial market segments. It is yet to be seen how these vehicles will best be deployed and in what ways e-MHDV fleets will need to be supported by charging infrastructure. However, as mentioned above, it will be critical for Indiana to support the electrification of the MHD sector, as both Indiana and the region as a whole are vital junctures in the transportation of goods across the nation. More information on electrifying the MHD sector can be found in the Electrification Coalition's [Electrifying Freight](#) report.

## Policy Environment

The Midwest is still in the early stages of implementing the necessary policy incentives to support a thriving EV market throughout the region. One of the key barriers to higher EV adoption rates is the higher upfront cost of most EVs, which is why several states across the U.S. have provided financial incentives for purchasing EVs. However, Illinois is the only state in the Midwest region that currently offers a mechanism for lowering the upfront cost of light-duty (LD) EVs.

Additionally, every Midwestern state currently requires additional registration fees for EVs. According to recent research by [Consumer Reports](#), the fees in the region are generally close to equitable with what internal combustion vehicles pay in gas tax, except in Ohio, where the fee is punitive. Another major policy issue involves market access. Only two states in the region currently allow all EV OEMs to sell their vehicles to customers directly. Anxiety surrounding charging infrastructure availability continues to be a primary barrier to consumer adoption, and visible and reliable charger deployment will be key to overcoming this adoption barrier. According to data from Atlas Public Policy, Midwestern states generally lag behind the national average in EV-to-charger ratios.



*An electric vehicle charging outside of Circle Centre Mall in Indianapolis*

## Policy Landscape



*Indiana State House, Indianapolis*

Indiana has laid a solid foundation for a greater push for electrification in 2023. The Federal Highway Administration approved the Department of Transportation’s NEVI plan, securing nearly \$15 million for charging infrastructure on the highway system. Indiana Department of Environmental Management continues to offer funding for Level 2 and DC fast charging projects under the Volkswagen Environmental Mitigation Trust program. In addition, Indiana, along with the other Midwest states, recently signed the REV

Midwest MOU, committing to regional coordination, development, and support for accelerating the EV market and the deployment of charging infrastructure needed. However, there are several policies Indiana should consider for accelerating EV adoption in the state.

The table below lists some of the main EV policies for accelerating EV adoption in a state on the light-duty and MHD side:

Policy	Description	Pathway
LDV Tax Credit or Rebate	<b>No:</b> Indiana does not offer a tax credit or rebate incentive for the purchase or lease of electric passenger vehicles.	Legislative
MHDV Tax Credit or Rebate	<b>No:</b> Indiana does not offer a tax credit or rebate incentive for purchasing or leasing electric MHD vehicles.	Legislative
EV LD Registration Fee (Annual)	<b>Yes:</b> Indiana has a \$150 BEV fee and a \$50 PHEV fee, which is paid in addition to license and registration fees.	In Place
EVSE Incentives (Public)	<b>Yes:</b> IDEM currently offers a Level 2 and DC-Fast Charging Program through the Volkswagen Environmental Mitigation Trust Program.	In Place

Policy	Description	Pathway
State ZEV Plan / Targets / Procurement Requirements	<b>No:</b> Indiana does not have a ZEV target or procurement requirements outlining state-level targets for EV adoption	Administrative
Freedom to Buy EVs (Direct-to-Consumer Sales)	<b>Partial:</b> EV manufacturers, excluding Tesla, cannot sell and service vehicles to customers directly without existing franchise agreements.	Legislative
Alternative Fuel Vehicle Acquisition Requirements	<b>No:</b> Indiana does not have a goal or requirement for a certain percentage of vehicles purchased with state funds must be electric or another alternative fuel vehicle.	Administrative/ Legislative/ Regulatory
EV Building Codes	<b>No:</b> Indiana does not have EV building code requirements at the state level.	Legislative/Regulatory
Zero Emission Vehicle Standard	<b>No:</b> Indiana is not one of the 16 states that have adopted California's ZEV standard, which would require vehicle manufacturers to sell an increasing percentage of zero-emission light-duty vehicles in the state.	Administrative/ Legislative/ Regulatory
MHD ZEV MOU	<b>No:</b> Indiana is not one of the 18 states that have signed the Medium- and Heavy-Duty ZEV MOU, a non-binding commitment to accelerate the MHD sector, with a 30% sales target by 2030 and a 100% sales target by 2050.	Administrative
Advanced Clean Truck Rule	<b>No:</b> Indiana is not one of the six states that have adopted California's Advanced Clean Truck rule, which requires vehicle manufacturers to sell an increasing percentage of zero-emission MHDVs (Class 2b-8).	Administrative/ Legislative / Regulatory

Policy	Description	Pathway
Vehicle-to-Grid Incentives	<b>No:</b> Indiana does not have any incentives or programs currently to support the use of EVs as energy resources.	Legislative
Vehicle Research, Development, & Manufacturing Incentives	<b>No:</b> Indiana does not currently offer grants or tax credits for vehicle research, development, and/or manufacturing. However, the IDEC has established an Electric Vehicle Product Commission to bolster the auto industry in the electric transition.	Legislative
EVSE Incentives (Residential)	<b>No:</b> There are no state incentives available for residential EVSE in Indiana.	Legislative
State Highway EVSE Authorization	<b>Yes:</b> The Indiana Department of Transportation may install EVSE at interstate highway rest areas if allowed by federal regulations.	In Place
Toll Highway EVSE Requirements	<b>Yes:</b> The Indiana Toll Road Concession Company (ITRCC) has outlined a continuous commitment to placing EV charging along the 156-mile road. While no specific goal is stated, ITRCC outlined EV charging as a pillar of its 2021 Sustainability Report to reduce carbon emissions by 2030, in accordance with its support of the Paris Climate Agreement.	In Place
Electric School Bus Programs	<b>No:</b> Currently, there is no state program to convert/retrofit gasoline buses to more fuel-efficient or alternative fuel buses. However, there are ongoing efforts by utilities to support school and transit systems to electrify.	Legislative/ Administrative
Electric Transit Bus Programs	<b>No:</b> Currently, there is no state program to convert/retrofit gasoline buses to more fuel-efficient or alternative fuel buses. However, there are ongoing efforts by utilities to support school and transit systems to electrify.	Legislative/ Administrative

Policy	Description	Pathway
Electric MHDV Weight Exemptions	<b>No:</b> Indiana has not passed a weight exemption for electric MHDVs.	Legislative

## Political Outlook

Governor Eric Holcomb has served since 2017 and has been an outspoken supporter of bolstering EV manufacturing in Indiana. In August 2022, after returning from a trip to South Korea, Governor Holcomb highlighted the “great opportunity... alternate energy and EV battery ecosystems” bring to the state.<sup>10</sup> This was following the announcement of a \$2.5 billion investment by Samsung SDI to create an EV battery plant in Kokomo, creating 1,400 jobs.

All of the seats in both the Indiana State Senate and State House of Representatives were up for election in 2022. Republicans had a strong showing, maintaining their majorities in both chambers by a wide margin. The State House is split 70–30 and the Senate 40–10 for Republicans. With Governor Holcomb, Republicans solidified their government trifecta again, which they have had since 2011.

## Key Constituents

**Advocate allies:** The Electrification Coalition is in discussions with members of the Energy Foundation’s Indiana Clean Transportation Table and anticipate joining their calls in 2023. Understanding the multitude of benefits EVs provide to consumers, the environment, and the economy, joining this cohort will create opportunities to push key EV initiatives with diverse voices.

**Rural groups:** Regional planning commissions/councils, rural electric membership corporations and rural health and community action associations will be invaluable partners in ensuring equitable EV buildout, plus combating range anxiety and common EV misconceptions for rural drivers.

**Manufacturers:** Aptiv, Bosch, Continental, Cummins, Daimler, Dana, GM, Honda, New Flyer, Stellantis, Subaru, Toyota, Valeo, Winnebago, and Workhorse, among others, are prominent automotive, EV, and EV supply chain players in the state. The EV and automotive industries will be powerful allies in advancing EV and supply chain policies, particularly with regard to bringing modern, well-paying jobs to residents while revamping the region’s global automotive manufacturing leadership.

<sup>10</sup> WBIW. “Gov. Holcomb caps off Asia trip targeting EV Ecosystem growth in South Korea.” 2022. <https://bit.ly/3X6OGCD>

## Utility Snapshot

Utility incentives for EVs and EVSE vary greatly across the Midwest. The most common incentives currently offered are EVSE rebates for residential single home locations and EV charging rates for residential customers, such as TOU rates or special flat charging rates. All of Indiana’s investor-owned utilities have joined the National Electric Highway Coalition (NEHC), showing their commitment to building an interconnected network of DCFC stations around the state’s major highways. Given the charging station rebates, infrastructure support, TOU rates offered by several utilities, and membership to the NEHC, Indiana’s utility sector stands out as a supporter of the EV movement.

*The table below assesses EV incentives from utilities operating in the region. Utilities were omitted from this table if they do not currently offer any of the EV-related incentives profiled here.*

	EV Purchase Rebate	EVSE Rebate (Residential Single Home)	EVSE Rebate (MUD)	EVSE Rebate (Commercial)	EVSE Rebate (Public)	EV Charging Rate (Residential)	EV Charging Rate (Commercial)
Indiana Michigan Power (I&M)	No	<u>Yes</u>	<u>Yes</u>	<u>Yes</u>	No	<u>Yes</u>	<u>Yes</u>
AES Indiana	No	<u>Yes</u>	No	<u>Yes</u>	No	<u>Yes</u>	<u>Yes</u>
Duke Energy Indiana	No	No	No	<u>Yes</u>	No	<u>Yes</u>	No
CenterPoint Energy	No	No	No	No	No	No	No
Northern Indiana Public Service Company (NIPSCO)	No	No	No	No	No	No	No

## Policy Opportunities

Indiana has a rich set of policy opportunities to pursue, with some groundwork already laid. The existing foundation will ensure Indiana's ongoing role as a hub of transportation innovation and manufacturing and jumpstart the deployment of EVs and the charging network necessary to support them.

Key policy opportunities include:

- Targeting and advancing the electrification of the medium- and heavy-duty sectors
- Enabling greater adoption of EVs in the passenger vehicle market
- Promoting greater support for EVs at the utility level with supportive policies for rates, rate design and grid integration
- Setting statewide EV adoption goals and targets
- Establishing EV-ready building codes
- Providing monetary and non-monetary incentives to support electric vehicles and charging infrastructure

Based on our assessment to date, the top policy priorities for EC's work accelerating the electrification of transportation in Indiana in the near term are as follows:

1. Support cleaner freight and buses by signing onto the Multi-State Medium- and Heavy-Duty Zero Emission Vehicle MOU and supporting follow-up policies, such as adoption of the Advanced Clean Trucks rule
2. Electrify the state fleet, either through policy targets and/or the use of total cost of ownership (TCO) tools for future procurement
3. Begin the process to establish a Clean Fuels Standard with a specific carve-out for transportation electrification programs and policies for low-income and disadvantaged communities
4. Support adoption of EV Ready Building Codes across the state
5. Support greater transportation electrification planning efforts at the utility level
6. Implement CEJA
8. Support implementation of NEVI funds to optimize the federal investment
9. Support conversations to modify the EV fee in IL to other policy solutions, such as VMT
10. Defend the freedom for consumers to buy EVs in IL via direct sales

The EC will seek opportunities to support education and outreach on the transition to electric vehicles and pursue additional policy strategies and venues as opportunities arise.

### **About the Electrification Coalition**

The Electrification Coalition is a nonpartisan, nonprofit organization that advances policies and actions to facilitate widespread deployment and adoption of electric vehicles in order to reduce the economic, public health, and national security risks caused by America's dependence on oil. For more information, visit [electrificationcoalition.org](https://electrificationcoalition.org).