



October 8, 2020

ELECTRONIC MAIL TO: The New Jersey Department of Environmental Protection,
njairrulesmobile@dep.nj.gov

Re: California Advanced Clean Truck Rule and the NJ Protecting Against Climate Change (PACT) Stakeholder Meeting: Reducing CO2 Emissions: Advanced Clean Trucks, Heavy-duty Engines and Vehicles, and Fleets: September 10, 2020

Peg Hanna, Assistant Director, Air Monitoring & Mobile Sources Division of Air Quality NJ Department of Environmental Protection:

On behalf of Rivian Automotive, LLC, ("Rivian" or the "Company"), I submit these comments to the New Jersey Department of Environmental Protection in support of California's Advanced Clean Truck ("ACT") rule and the jurisdictional expansion of the ACT through the Multi-State Medium- and Heavy-Duty Zero Emission Vehicle Memorandum of Understanding ("MOU"). This 15-State MOU signed by Governor Murphy will foster a self-sustaining market for zero emission medium- and heavy-duty vehicles. These comments support Governor Murphy's signing of the Multi-State Medium- and Heavy-Duty Zero Emission Vehicle MOU, describe the zero-emissions products Rivian is bringing to market, and request the state consider manufacturer direct sales of electric vehicles to help meet the state's electrification and environmental improvement goals.

Who We Are

Founded in 2009, Rivian is an independent U.S. company dedicated to the production and distribution of all Electric Adventure Vehicles™ – namely pickup trucks and SUVs. These zero emission vehicles encourage consumers to enjoy the outdoors and seek adventure in environmentally friendly ways. In addition, we also have a commitment with our investment partner, Amazon, to develop and produce 100,000 all electric heavy-duty class 2b and 3 trucks by 2030 for last mile delivery (named the "RPV"). With a substantial presence in Michigan and California, and a manufacturing facility in Normal, IL, the R1T pickup truck, R1S SUV, and RPV delivery van will go into production in 2021.

Rivian's line up of vehicles supports our mission to *Keep The World Adventurous Forever™*, by offering compelling all-electric alternatives to polluting, incumbent, internal combustion engine technology. Rivian believes that environmental sustainability can only be reached with the electrification of all motor vehicle transportation sectors – including heavy-duty trucks. As a heavy-duty truck, the Rivian RPV delivery van will displace stop-and-go operation of high emission diesel and gasoline powered vehicles typically operated in higher density population areas, which disproportionately affect at-risk communities. On average, each RPV delivery van will displace the emissions equivalent to 8.7 gasoline powered passenger vehicles. Rivian vehicles together with state initiatives

such as adoption of the California Advanced Clean Truck standards, increased access to electric vehicles through direct sales to consumers, and clean fuel standards can be part of New Jersey's environmental solutions.

Support of Governor Baker, the Multistate MOU, and the Advanced Clean Truck Rule

Rivian strongly supports Governor Murphy signing of the multi-state MOU with 14 other states and the District of Columbia. This effort is intended to foster a self-sustaining market for zero emission medium- and heavy-duty vehicles and adoption of the ACT rule. Increasing zero emission vehicles ("ZEVs") in all segments is all the more important given the recent COVID-19 pandemic and mitigating responses. It is our hope that New Jersey will build on the commitments made by the Governor by adopting the California ACT rule and by increasing ZEV availability in the state. While Rivian intends to deliver tens of thousands of heavy-duty electric trucks and even more all electric pickup trucks and full-size SUVs, the adoption of ACT will help ensure New Jersey receives the promised benefits of EVs directly in the state.

We appreciate Governor Murphy's commitment to address air pollution. This is all the more important when considering the added health impacts that unclean air has on those affected by respiratory diseases such as COVID-19. As numerous studies have shown, air pollution only exacerbates the deadly effects of the Coronavirus. And with no effective vaccine immediately available, it is imperative that New Jersey do all it can to limit the deadly impacts of the Coronavirus – including not going back to transportation pollution outputs commiserate with pre-COVID-19 levels. One of the steps to drive New Jersey forward into the clean transportation era is through adoption of the ACT and implementing the supporting rules under development, including the Heavy-Duty NOx "Omnibus" and zero emission vehicle requirements for fleets. This will ensure that New Jersey is leading the way on cleaner air and a healthier environment for all New Jersey residents.

Reevaluate Direct Sales Ban of Electric Vehicles

New Jersey should reevaluate the ban of electric vehicle manufacturer direct sales.¹ A policy that would allow EV companies like Rivian to sell directly would help the state achieve New Jersey's goals by permitting investment in retail locations and increasing access to ZEVs. Most electric vehicles sold in the U.S. in 2018 were from a single manufacturer—Tesla.² Like Tesla, Rivian plans to sell all its vehicles through a direct sales model. This approach is a business necessity given the large barrier to entry to existing

¹ New Jersey Revised Statute R.S.39:10-19. C.56:10-28 Prohibition of ownership by franchisor.

² US EV Sales Percentages of Total Vehicle Sales by Brand. EV Adoption. <https://evadoption.com/ev-sales/evs-percent-of-vehicle-sales-by-brand/>

franchise network creates. Tesla sells directly to the consumer in New Jersey using an exemption that is limited to Tesla, and artificially limits Tesla to only four stores.³ If the state wants to increase the availability of electric vehicles including the supply of all-electric pickup trucks and full-sized SUVs, New Jersey should allow consumers the choice to purchase EVs directly from the manufacturer and remove the EV store limit.

The dealer model is incompatible with Rivian's business model. Direct sales is a business necessity given Rivian's need for direct customer interaction, the education needed to inform consumers of the advantages of electric drive, and Rivian's need to ramp up production. Rivian has not and will not use third-party franchise dealers anywhere in the U.S. or the rest of the world. As a recent study has shown, traditional dealers do not prioritize the sale of electric vehicles and may not be the best option for expanding electric vehicle market penetration.⁴ We do not believe the level of electric vehicle knowledge and service provided directly by Rivian can be matched by dealer networks that might be more interested in selling combustion vehicles already on the lot for greater profit or gasoline and diesel products with greater periodic and long-term service needs. Further, it would be nearly impossible for a new auto manufacturer to buy-in to the franchise network and fill dealer inventories without massive capital investment and delivery delays. Billions of dollars of capital are required to start a new car company. Requiring immediate production of hundreds of thousands of vehicles to fill dealer inventory is simply a bar on market entry – and one that is incompatible with Rivian's business model.

In nineteen U.S. states and the District of Columbia, Rivian is eligible to apply for and receive a dealer license to conduct sales of Rivian vehicles as a regulated dealer. In these “open” states which include California, Massachusetts, Illinois, and Florida, consumers have unfettered access to electric vehicles, and Rivian can provide a better, more streamlined, direct customer experience. The experience of direct sales states shows no harm to existing franchised dealers. The clear trend is to open states to direct sales and thereby increase new investment by electric vehicle manufacturers and expand the environmental benefits that come with the increase in EV sales.

Based on the foregoing, Rivian would welcome a dialogue with New Jersey on how the Company can support New Jersey's goal of ZEV proliferation in order to meet state environmental goals. Our interest in achieving these goals through removal of artificial barriers to direct distribution would also serve to allow additional economic investment in the state – while not harming or detracting from any existing business in the state.

³ New Jersey Revised Statute R.S.39:10-19. C.56:10-27.1 Sale of zero emission vehicles.

⁴ Justin Gerdes (December 12, 2017). Green Tech Media. US Auto Dealerships Are Bad at Selling Electric Vehicles, Study Finds. <https://www.greentechmedia.com/articles/read/us-auto-dealerships-are-bad-at-selling-electric-vehicles-study-finds> Sierra Research Study

Conclusion

Rivian supports Governor Murphy and New Jersey's drive to reduce emissions and improve the environment. Our products are proof that it is not too soon to consider adopting the ACT and the supporting regulations that California is developing. In addition to adopting the ACT, New Jersey should reexamine direct sales bans to best ensure the use of electric vehicles and that the associated benefits of electrification are realized in New Jersey. Rivian looks forward to working with the Governor and Senate and General Assembly to help New Jersey adopt ACT and allow more EVs into New Jersey with direct sales.

Please let me know if you have any questions. Rivian looks forward to working with the State of New Jersey and the New Jersey Department of Environmental Protection.

Sincerely,

A handwritten signature in blue ink that reads "Chris Nevers". The signature is fluid and cursive, with the first name "Chris" and last name "Nevers" clearly distinguishable.

Chris Nevers,
Director of Environmental Engineering and Policy