BEFORE THE ILLINOIS POLLUTION CONTROL BOARD

IN THE MATTER OF:	)	
	)	R2024-017
PROPOSED CLEAN CAR AND	)	
TRUCK STANDARDS	)	(Rulemaking – Air)

NOTICE OF FILING

TO: Don Brown
Clerk of the Board
Illinois Pollution Control Board
60 E. Van Buren St., Suite 630
Chicago, IL 60605

Vanessa Horton
Carlie Leoni
Hearing Officers
Illinois Pollution Control Board
60 E. Van Buren St., Suite 630
Chicago, Illinois 60605

(VIA ELECTRONIC MAIL)
(SEE PERSONS ON ATTACHED SERVICE LIST)

NOTICE OF FILING

PLEASE TAKE NOTICE THAT on the 28th day of April 2025, the undersigned electronically filed with the Clerk of the Illinois Pollution Control Board, via the "COOL" system, Illinois Automobile Dealers Association's Pre-File Testimony of Lawrence Doll and Mike Stieren in Opposition of Rule Proponents' Regulatory Proposal on behalf of the Illinois Automobile Dealers Association, true and correct copies of which are attached hereto and hereby served upon you.

Respectfully submitted,
ILLINOIS AUTOMOBILE DEALERS ASSOCIATION

By:/s/ Lawrence R. Doll

Dated: April 28, 2025

Lawrence Doll
ILLINOIS AUTOMOBILE DEALERS ASSOCIATION
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CERTIFICATE OF SERVICE

I, the undersigned, on the oath, state the following: That I have served the attached **ENTRY OF APPEARANCE** and **QUESTIONS TO PROPONENTS** via electronic mail upon:

Mr. Don A. Brown Clerk of the Board Illinois Pollution Control Board 60 East Van Buren Street, Suite 630 Chicago, IL 60605 don.brown@illinois.gov	Vanessa Horton & Carlie Leoni Hearing Officers Illinois Pollution Control Board 60 East Van Buren Street, Suite 630 Chicago, IL 60605 vanessa.horton@illinois.gov carlie.leoni@illinois.gov
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That my email address is LDoll@illinoisdealers.com

That the number of pages in the email transmission is 24.

That the email transmission took place before 4:30 p.m. on April 28, 2025 .

Date: April 28, 2025

/s/ Lawrence R Doll
Lawrence Doll

CERTIFICATE OF SERVICE

I, Lawrence Doll, Legal Counsel for the Illinois Automobile Dealers Association, caused to be served on this 28th day of April 2025, a true and correct copy of the Illinois Automobile Dealers Association's Pre-Filed Testimony of Larry Doll and Mike Stieren in Opposition of Rule Proponents' Regulatory Proposal upon the persons listed on the Service List via electronic mail or electronic filing, as indicated.

By: */s/ Lawrence Doll*

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BEFORE THE ILLINOIS POLLUTION CONTROL BOARD

IN THE MATTER OF:	)	
PROPOSED CLEAN CAR AND TRUCK STANDARDS	)	R 2024-017
	)	(Rulemaking – Air)

POST HEARING PUBLIC COMMENTS

The Illinois Automobile Dealers Association (IADA) respectfully submits these post-hearing comments urging the Illinois Pollution Control Board to reject the proposed Advanced Clean Cars II (ACC II) regulations.

The evidence clearly demonstrates that Illinois is unprepared for ACC II's aggressive mandates:

- **Unrealistic Consumer Mandates**: Illinois consumers currently purchase EVs at a modest 7–8% market share. The ACC II requirement for 59% EV sales by 2028—and 100% by 2035—is unprecedented and unachievable, severely limiting consumer choice and affordability.

- **Inadequate Charging Infrastructure**: Vast regions of Illinois lack sufficient public charging stations, with 42 counties having no DC fast chargers at all. Recent federal funding suspensions further compromise necessary infrastructure investments.

- **Grid Reliability Risks Unstudied**: Rule proponents neglected critical consultations with state and regional grid authorities, leaving significant distribution-upgrade costs and reliability impacts unaddressed.

- **Severe Economic Consequences**: Illinois' 700 franchised dealerships support 44,000 jobs and generate billions in state taxes annually. ACC II threatens this substantial economic contribution, imposes unfunded infrastructure burdens, and undermines vital road-funding mechanisms.

- **Flawed Economic Assumptions**: Proponents' economic modeling relies on unrealistic assumptions, exaggerating benefits while ignoring real-world costs and logistical challenges.

Given these indisputable facts, the proposed ACC II regulations are economically harmful, practically unenforceable, and unnecessary in light of Illinois' existing decarbonization pathways under CEJA and federal standards. The IADA respectfully urges the Board to reject ACC II to protect Illinois consumers, businesses, and taxpayers.

I. Consumer Choice and Market Realities

The proposed rule to implement California's Advanced Clean Cars II (ACC II)—

requiring Illinois to rapidly escalate from a 7.6% electric vehicle (EV) market share in 2024 to 59% by Model Year 2028—is impractical given current market realities.

Model Year	Required % ZEV Sales
2029	**59%**
2030	68%
2031	76%
2032	82%
2033	88%
2034	94%
2035	**100% (Full Mandate)**

While consumer interest in EVs has grown, the market clearly demonstrates that actual demand significantly lags behind the aggressive targets mandated by ACC II.

In our pre-filed testimony, we highlighted the discrepancy between the day's supply of EVs versus the days' supply of ICE vehicles. We included a citation to a S&P Global Mobility article from October 2024, which found that EVs remained on dealer lots for an average of 103 days—considerably longer than the 74 days for gasoline vehicles —underscoring a slower pace of consumer adoption and widening the gap between production and demand. This was not an anomaly.

Despite increased EV sales, inventory levels dating back from 2023 to March 2025 remain persistently high, signaling softer-than-expected consumer demand.

In March 2025, Cox Automotive's 'EV Market Monitor – March 2025' reported that new EVs averaged approximately 93 days' supply, whereas ICE and hybrid models were much lower– the EV supply was about 24 days higher than for non-EV vehicles. This implies ICE vehicles

were around 69 days' supply on average, versus 93 days for EVs.[1] Industry analysts point to these inventory metrics as evidence of softer demand for EVs relative to supply.

Axios reported in November 2023 that EV inventory nearly doubled from about ***53 days' supply in November 2022*** to ***114 days by November 2023***.[2] While EV sales volumes continued to increase, inventory levels were increasing faster. Cox data from the time showed that the days supply for all new vehicles was 71 days for the auto industry when all powertrains were considered. Axios stated at the time that: "*The growing mismatch between EV supply and demand is a sign that even though consumers are showing more interest in EVs, they're still wary about purchasing one because of price or charging concerns... The nationwide supply of EVs in stock has swelled nearly 350% this year (2023), to more than 92,000 units.*"[3]

Entering 2024, the EV vs. ICE days supply inventory gap remained wide. Even with increased EV sales and incentives, new EVs supplied hovered ~90+ days of inventory on average through late 2024, as noted in Cox's September 2024 EV Market Monitor update.[4] By the first quarter of 2025, the gap was about 20–25 days in favor of ICE – e.g. 93 days for EVs vs ~69 days for ICE in March (Cox Automotive). The fact that EV days' supply has consistently been higher than ICE indicates EVs turn more slowly (lower demand velocity) in the current market, despite EV sales growth. Meanwhile, popular gasoline models and hybrids continue to sell closer to the rate of supply, keeping their inventories leaner.

The trend of continued high days' supply for EVs pressured automakers to take action by

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[1] https://www.coxautoinc.com/market-insights/ev-market-monitor-march-2025/#:~:text=New%20EV%20Days%E2%80%99%20Supply%3A%20In,announcements%20have%20influenced%20buying%20behavior

[2] https://www.axios.com/2023/07/10/unsold-electric-cars-are-piling-up-on-dealer-lots

[3] https://www.axios.com/2023/07/10/unsold-electric-cars-are-piling-up-on-dealer-lots

[4] https://www.coxautoinc.com/market-insights/ev-market-monitor-september-2024/#:~:text=New%20EV%20Days%E2%80%99%20Supply%3A%20Digging,year%20over%20year

ramping up buyer incentives and financing deals on EVs to stimulate sales. By late March 2025, Cox Automotive found that EV "*incentives continue to be above the industry average at 13.3%, slightly down one percentage point from the prior month.*"[5] This also led to increased prices for new EVs, as noted by Cox. "*In March, the average transaction price (ATP) for new electric vehicles was $59,205, showing a 3.8% increase from the previous month and a 4.4% increase from the previous year. The EV price premium over ICE+ vehicles increased to $12,229, the highest it's been in a couple of years.*"[6]

Recent consumer survey data confirms significant barriers driving this gap. In a 2023 and 2024 survey, Pew Research data found significant and growing consumer hesitancy toward electric vehicle (EV) adoption. Between 2023 and 2024, the share of Americans considering an EV purchase dropped sharply from 38% to just 29%. These surveys noted that the reluctance was primarily driven by three main factors: high upfront costs (cited by 72% of respondents), limited confidence in charging infrastructure availability (only 30% confidence), and concerns about vehicle reliability (50% viewing EVs as less reliable). In July 2023, Pew found that only 40% of Americans supported phasing out gasoline vehicles by 2035, while 59% opposed this measure. These data points clearly illustrate fundamental barriers to rapid consumer adoption required under ACC II's aggressive market targets.

As noted during our initial comments, during this time, some automakers began scaling back EV production plans to prevent a further glut. For instance, Ford halved its F-150 Lightning production target for 2024 after its electric truck accumulated over 111 days' supply on lots, with Ford's CEO admitting that anticipated demand "has not materialized" for the Lightning (blaming

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[5] https://www.coxautoinc.com/market-insights/ev-market-monitor-march-2025/#:~:text=New%20EV%20Average%20Transaction%20Price%3A,raise%20the%20cost%20of%20imported

[6] https://www.coxautoinc.com/market-insights/ev-market-monitor-march-2025/#:~:text=New%20EV%20Average%20Transaction%20Price%3A,raise%20the%20cost%20of%20imported

high prices and charging infrastructure issues).[7] Ford's Chief Operating Officer Marin Gjaja admitted, "The reality is that the market changed. As we saw the growth and adoption rate fade, we were furiously trying to catch up." Similarly, Toyota's North American sales head, David Christ, stated, "For hybrids, we're sold out—customers want them, we can't get enough. Battery electric vehicles, even with huge incentives, are just not as in demand." General Motors has also reduced EV production targets, citing slower-than-expected sales growth and forecasting billions in EV-related losses. These industry-wide shifts confirm that consumer preferences remain firmly aligned against rapid, mandated EV adoption.

Given these clear market realities and consumer preferences, Illinois dealerships and consumers cannot feasibly achieve ACC II's aggressive targets without severe economic disruption and market distortion.

Illinois-specific data highlights stark regional disparities in EV adoption, further complicating statewide mandates, with a heavily concentrated market in the Chicago metro area contrasting sharply against minimal uptake in rural and downstate regions:

- Of approximately 126,000 registered EVs statewide, over 87% (around 109,000 vehicles) are located in Northern Illinois, particularly Cook County and the surrounding suburban counties.
- In comparison, Central Illinois accounts for only about 11,000 EV registrations, and Southern Illinois trails significantly behind with roughly 5,800 EVs, illustrating a vast geographic imbalance.
- Cook County and Chicago alone represent nearly 44% of all EV registrations, while counties such as DuPage, Lake, Will, and Kane follow closely behind.

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[7] https://www.coxautoinc.com/market-insights/new-vehicle-inventory-november-2023/#:~:text=Days%E2%80%99%20supply%20for%20the%20Ford,S

- Conversely, large portions of rural Central and Southern Illinois have EV counts in single or double digits, with many counties having fewer than ten registered EVs—effectively negligible market penetration..[8]

This data is supported by a 2024 IDOT survey, the *2024 Illinois Traveler Opinion Survey*[9]. In IDOT's 2024 Traveler Opinion Survey, respondents were asked about their current use and future interest in electric vehicles. The results mirror significant consumer hesitancy regarding EV adoption across Illinois:

- **Current EV Ownership:**
  Approximately 93% of Illinois travelers reported that they do not currently drive an electric vehicle or plug-in hybrid.

- **Interest in Future EV Ownership:**
  Only 37% of respondents indicated they were "seriously considering" an EV or plug-in hybrid for their next vehicle purchase.

- **Geographic & Demographic Differences:**
  Interest in EVs varied notably by region and demographic group:
  - **Chicago-area residents (48%)** and those with four-year college degrees or higher (49%) showed the highest interest levels.
  - Conversely, interest dropped significantly among **downstate respondents (24%)** and those aged **60 and older (25%),** highlighting strong disparities in EV adoption readiness across Illinois.

Overall, the IDOT survey underscores significant consumer reservations toward EV adoption, especially outside the Chicago metro region, suggesting practical barriers, such as infrastructure, affordability, and lifestyle factors, continue to heavily influence Illinois residents' interest in electric vehicles.

These pronounced geographic and economic differences underscore that applying a

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[8] Illinois SOS EV Registration Data - COUNTY TOTALS AS OF 01/15/2025 - https://www.ilsos.gov/departments/vehicles/statistics/electric/2025/electric011525.pdf

[9] https://idot.illinois.gov/content/dam/soi/en/web/idot/documents/about-idot/reports/motorist-survey/2024-illinois-travel-opinion-survey.pdf

uniform statewide mandate, such as ACC II's 59% EV sales requirement by 2028, which rises to 68% in 2030 and 100% in 2035, disproportionately burdens rural and economically diverse communities. Without targeted infrastructure investments, financial incentives, and consumer outreach tailored to these underserved regions, ACC II risks deepening existing inequities and severely limiting consumer choice and dealership viability across much of Illinois.

Additionally, industry testimony before the Illinois Pollution Control Board confirms automakers would likely meet ACC II's stringent targets not by boosting EV production significantly but by ***reducing ICE vehicle availability***. In sworn testimony, Mr. Douglas of the Automotive Alliance for Innovation confirmed that automakers would likely meet compliance targets not by significantly boosting BEV production, but by deliberately reducing the availability of internal combustion engine (ICE) vehicles (March 10th PCB Rule Hearing – Day 1).

Specifically, automakers anticipate eliminating two million ICE vehicle sales nationwide, potentially leading to a $96 billion revenue loss through 2035. This reduction would limit consumer choice and disproportionately impact downstate and rural communities where EV adoption remains limited.

The record clearly illustrates that current consumer demand, dealer economics, and OEM production strategies are insufficient to realistically achieve the drastic leap from 7%-8% currently to 59% market share within three years and 68% EV sales rate by 2030.

A mandate so far removed from market realities fails the Board's feasibility criteria. With low consumer enthusiasm, high unsold inventory, severe infrastructure limitations, and manufacturers openly planning to limit ICE vehicle supplies, the proposed ACC II standards are neither technically nor economically achievable for Illinois dealers or consumers.

II. EV Infrastructure & Grid Readiness: Fundamental Gaps

A. Public Charging Infrastructure Shortfall

Illinois currently lacks the necessary EV charging infrastructure to realistically support the ambitious adoption targets of Advanced Clean Cars II (ACC II).

On the IEPA's "Driving a Cleaner Illinois" website, there is an interactive map of electric charging stations funded by the State. This includes stations funded by the Illinois EPA's Driving a Cleaner Illinois Program and the Illinois Department of Transportation's National Electric Vehicle Infrastructure Program (NEVI).[10]

As of March 2025, state-funded EV charging data reveal a stark charging availability divide in the State:

- **44 of Illinois' 102 counties (43%) have no state-funded EV charging stations**, neither operational nor planned, predominantly in Central and Southern regions.
- **An additional 35 counties have chargers awarded but not yet operational**, highlighting significant delays and implementation hurdles.
- Currently, **only 23 counties (23%) have at least one operational state-funded charger.**

Thus, a staggering 79 counties (77%) are without any operational state-funded EV infrastructure as of March 2025.

Given this stark regional disparity, applying a uniform statewide mandate of achieving 59% ZEV sales by 2028 disregards these critical infrastructure gaps and practical market realities.

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[10] https://epa.illinois.gov/topics/air-quality/driving-a-cleaner-illinois.html

B. **Extensive Charging Infrastructure Needs (NREL Estimates vs. Current vs. ERM)**

According to the U.S Department of Energy's Alternative Fuel Station Locator[11], as of March 2025, Illinois currently has approximately 1,496 public EV charging locations, totaling around 4,156 ports. Of these, there are about 2,796 Level 2 ports and approximately. 1,400 Level 3 DC fast charging ports at 334 locations. In contrast, the National Renewable Energy Laboratory (NREL) projects that to meet the infrastructure demands of a 68% EV sales scenario by 2030, which corresponds with the proposed rule, Illinois would require roughly 33,000 public Level 2 chargers, 5,700 public DC fast chargers, and nearly 942,200 ports for Private Home/Workplace Level 2 Chargers.[12] The study examined nationwide infrastructure needs but also broke down the requirements on a state-by-state basis, reflecting regional differences in EV adoption rates, driving patterns, and infrastructure needs.

The existing infrastructure thus represents only a fraction of what is needed, with Illinois currently having around 8.5% of the necessary public Level 2 chargers and approximately 24% of the required public DC fast chargers. The gap underscores a critical shortfall in charging availability, particularly for Level 2 chargers, which are essential in urban and residential areas where many residents lack access to private parking.

Without rapid, coordinated infrastructure deployment, rural and underserved communities will continue to face significant barriers to EV adoption, resulting in stranded dealership inventory and unmet consumer needs.

C. No Input from Illinois' Grid Managers

Critically, Rule proponents have not conducted or submitted essential grid impact readiness

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[11] https://afdc.energy.gov/stations#/analyze?region=US-IL&tab=fuel&fuel=ELEC
[12] https://www.nrel.gov/docs/fy23osti/85654.pdf

assessments. There has been no consultation with the Illinois Commerce Commission (ICC), Midcontinent Independent System Operator (MISO), or PJM Interconnection to evaluate necessary distribution-level infrastructure upgrades or to ensure grid reliability under the new mandates.

Given these critical infrastructure deficiencies—significant shortfalls in existing charging stations, major delays in deploying planned chargers, suspension of crucial federal funding, and unstudied grid reliability impacts—Illinois is fundamentally unprepared to meet the ambitious and inflexible ACC II mandates. These gaps underscore the technical impracticality and economic risks of prematurely adopting ACC II.

III. Federal Policy Uncertainty & Volatility

Adopting California's Advanced Clean Cars II (ACC II) rules would unwisely commit Illinois to a volatile federal policy environment, exposing our state to unnecessary economic and regulatory risk. Recent federal actions demonstrate the volatility and uncertainty surrounding California-based mandates:

1. **Withdrawal of Critical Federal Support**
    a. **FHWA Greenhouse Gas Rule Repeal**: On April 18, 2025, the Federal Highway Administration (FHWA) formally repealed the Biden-era greenhouse-gas performance rule for state Departments of Transportation. This repeal eliminates a key federal mechanism proponents previously cited as underpinning state emissions targets. https://www.transportation.gov/briefing-room/trumps-transportation-secretary-sean-p-duffy-slashes-biden-era-greenhouse-gas-rule
    b. **Suspension of NEVI Funds**: FHWA's February 6, 2025, suspension of the National Electric Vehicle Infrastructure (NEVI) program has frozen Illinois' $148

million federal allocation designated for EV charging infrastructure expansion. This funding freeze has removed the primary federal source intended to support the rapid development of Illinois' charging network, critically undermining the feasibility assumptions made by ACC II proponents. https://www.fhwa.dot.gov/environment/nevi/resources/state-plan-approval-suspension.pdf

2. **California's Regulatory Waiver Faces Severe Legal Threats**

   a. **Executive Order on State Climate Programs**: On April 9, 2025, a federal executive order specifically targeted state-level climate programs, directing the Department of Justice to challenge or defund initiatives like California's vehicle emissions standards. Senior federal officials have explicitly indicated their intention to revoke California's Clean Air Act waiver, essential for the ACC II program's legality. Moreover, the Supreme Court's ongoing *Diamond Alternative Energy LLC v. Environmental Protection Agency* case directly threatens the waiver's validity, potentially rendering California's ZEV credit market obsolete. https://www.whitehouse.gov/presidential-actions/2025/04/protecting-american-energy-from-state-overreach/

3. **Compliance and Market Risks for Illinois:**

   a. The immediate revocation of California's waiver would collapse the ZEV credit market, leaving Illinois automakers and dealerships stranded with inventory mandated by a suddenly invalidated regulatory structure. Such disruption would require Illinois to implement costly emergency measures, triggering market instability, significantly reducing consumer choice, and placing undue economic

strain on Illinois businesses and taxpayers.

Given the ongoing volatility and uncertainty at the federal level—funding suspensions, threatened waiver revocation, and active judicial challenges—locking Illinois into the rigid and externally dependent ACC II framework now is neither prudent nor economically reasonable.

Instead, maintaining regulatory independence under existing state and federal frameworks allows Illinois to strategically adjust to real-time developments, protecting Illinois consumers, dealers, and infrastructure planning from unnecessary risks.

IV. Economic and Fiscal Harm to Illinois Consumers and Businesses

Our pre-filed testimony and subsequent responses consistently highlighted the significant economic and fiscal harm the proposed ACC II rule would impose on Illinois consumers and businesses statewide. To reiterate, this mandate would inflict severe and measurable economic damage by undermining vital retail markets, jeopardizing essential infrastructure funding, burdening small businesses, increasing consumer costs, and incentivizing residents to purchase vehicles out of state.

The cumulative economic consequences detailed below clearly demonstrate that adopting ACC II would be economically unreasonable, practically unenforceable, and ultimately detrimental to the interests of Illinois residents and businesses. The rule, therefore, should be rejected.

1. Risks to the Illinois Retail Auto Market

Illinois' 700 franchised new-car dealers directly employ 44,000 people, generating more than $42 billion in annual sales and contributing $3.37 billion in state and local taxes yearly. In fact, dealership sales-tax revenue alone accounts for one in every seven sales-tax dollars Illinois receives. These vital economic contributions depend on maintaining a balanced vehicle

inventory and robust service operations, both severely threatened by ACC II mandates that restrict consumer choice and vehicle availability.

2. Impacts on Road Funding/MFT Revenue

Illinois' Motor Fuel Tax (MFT), essential for infrastructure funding, already faces a projected shortfall of $36 billion by 2050 under the current fleet compositionRule Proponents'. Each percentage-point increase in ZEV sales driven by ACC II would strip approximately $55 million annually from MFT receipts. The EV registration surcharge of $100 per vehicle barely covers half the average ICE driver's annual fuel tax contribution, while hybrids contribute nothing

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Rule proponents have not provided any alternative funding mechanism, leaving Illinois taxpayers and IDOT burdened with potentially billions of dollars in unfunded road maintenance obligations

3. Severe Ripple Effects on Small Businesses

A recent 2025 NFIB survey of 10,000 Illinois small businesses reveals that 99% oppose a ban on new gasoline vehicles, and 90% believe ACC II would increase operating costs significantly or even compel them to relocate out of state. [13] Reduced vehicle choice, higher purchase prices, and diminished availability of ICE vehicles would escalate transportation and operational costs for small retail and agricultural businesses heavily dependent on affordable, versatile, gasoline-powered vehicles.

4. EV Price Premium and Consumer Affordability

According to the latest data from Kelley Blue Book, the average transaction price for electric cars was ***$59,205 in March 2025, 7% higher than the same time last year***. That is significantly

[13] https://www.nfib.com/news/news/nfib-illinois-opposes-the-vehicle-emissions-standards-adoption/

higher compared to the average new gas-powered vehicles at ***$47,462***, or about flat year over year. The industry's electric vehicle (EV) leader, Tesla, had average transaction prices of $54,582, a 3.5% increase from the year earlier.[14]

This price premium, nearly ***$12,000***, presents a considerable barrier for lower-income households and rural residents who disproportionately depend on affordable vehicles for daily transportation. Such cost disparities risk creating economic inequities and limiting transportation accessibility for many of Illinois' population.

5. Dealer Inventory Risk:

Mandating elevated EV inventory levels significantly increases dealership financial risk, as evidenced by prolonged turnover cycles and associated increased financing burdens. Excess inventory restricts dealerships' ability to invest in other areas of their operations, potentially leading to reductions in employment and diminished local economic contributions.

Forcing Illinois Consumers Out-of-State for Vehicle Sales Due to the Rule Will Have Damaging Consequences

Illinois consumers, especially those living near state borders, will easily evade ACC II mandates by purchasing ICE vehicles in neighboring states—Indiana, Wisconsin, Missouri, and Iowa—where no similar mandates exist. Illinois residents can then effortlessly title and register these out-of-state purchases at any Illinois SOS facility for a nominal fee of just $196. Without explicit provisions to deny or surcharge out-of-state vehicle registrations, the rule offers no tangible deterrent. This border-shopping dynamic ensures that Illinois loses substantial sales-tax revenue, dealership income, and economic activity, while achieving little to no reduction in statewide emissions.

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[14] https://www.kbb.com/car-advice/how-much-electric-car-cost/

According to the IADA 2023 Economic Impact Report, Illinois dealerships directly support 44,000 jobs, generate $42 billion annually in economic activity, and contribute $3.37 billion in state and local taxes—approximately one out of every seven sales tax dollars collected statewide.

Given 408,436 new vehicle registrations in Illinois in 2023, even minimal leakage of vehicle sales due to this mandate carries substantial negative economic consequences. Specifically:

- A leakage rate of just 1% to neighboring states results in 4,084 fewer vehicles sold in-state annually, significantly reducing Illinois dealership revenue and tax contributions.
- At a 5% leakage rate, Illinois could lose 20,422 vehicle sales annually, severely diminishing state and local tax revenue, employment levels, and broader economic activity.
- A 10% leakage rate would mean 40,844 lost vehicle sales per year, translating into hundreds of millions of dollars in lost economic activity and tens of millions in foregone tax revenues.

A mandate that Illinois cannot practically enforce and that incentivizes consumers to make purchases outside state borders creates real and measurable harm to Illinois' economy and tax base. With no precise enforcement mechanism and proven vulnerability to significant out-of-state sales leakage, adopting ACC II would impose severe economic consequences without delivering tangible environmental benefits. Such a policy fails the statutory requirement for economic reasonableness, technical practicability, and enforceability under 415 ILCS 5/27.

A regulation that Illinois cannot practically enforce—one circumvented simply by crossing state lines—is fundamentally unworkable. As proposed in this Rule, ACC II would create severe economic damage without delivering meaningful environmental benefits. The Board must

conclude that adopting such a fundamentally unenforceable mandate fails the statutory requirement for economic reasonableness and technical feasibility under 415 ILCS 5/27.

Conclusion: ACC II would cause significant economic damage: eroding vital tax revenues, crippling dealership profitability and employment, undermining essential infrastructure funding, and increasing operating costs for small businesses statewide. The speculative promise of new manufacturing jobs provides an insufficient offset for these tangible economic harms. Under a proper feasibility and economic reasonableness review, these stark realities compel rejection of ACC II mandates in Illinois.

V. ERM Modeling Flaws

The Environmental Resource Management (ERM) analysis relied upon by rule proponents serves as a foundational justification for adopting ACC II, relies heavily on unrealistic assumptions, overly optimistic projections, and significant omissions. Specifically:

1. **Global Benefits, Local Costs:**
   ERM's analysis inflates projected benefits by using global social-cost-of-carbon estimates without adequately accounting for the actual economic burdens placed on Illinois residents and businesses. This approach artificially inflates benefits, misleadingly portraying local economic outcomes.

2. **Unrealistic Domestic Battery Production Assumptions:**
   The ERM model assumes 100% U.S.-based production of EV batteries and components, ignoring current realities where substantial portions are imported. This assumption significantly inflates projected local economic benefits and employment impacts, rendering them unrealistic.

3. **Overly Optimistic Vehicle Pricing:**
   ERM presumes rapid parity in prices between electric and traditional vehicles. However, according to recent Kelley Blue Book data, market trends show a persistent EV price premium—currently around $12,000. Such optimistic pricing assumptions severely underestimate consumer affordability barriers, significantly overstating consumer adoption and savings.

4. **Assumed Universal Managed Charging Behavior:**
   Perhaps the most optimistic assumption is that EV owners will universally participate in managed charging programs, staggering their charging to off-peak times. ERM explicitly models a *"managed charging scenario"* where drivers do not simply plug in at 6 PM but

charge during designated low-demand periods (e.g., overnight). This assumption is crucial to the report's findings that EV charging will *lower* electric rates and avoid straining the grid. While time-of-use rates and smart chargers can encourage off-peak charging, achieving near-universal compliance is far from guaranteed. Human behavior and convenience often lead to many EV owners charging when needed, not strictly when it's optimal for the grid. If even a fraction of the projected EV fleet charges during peak hours (summer evenings, for instance), the incremental load could drive up peak demand and require expensive grid upgrades or peaker plants, raising costs. The ERM report does not examine an "unmanaged" scenario, yet external analyses show it makes a big difference.

For instance, the Citizens Utility Board found that uncontrolled EV charging could ***increase Illinois energy costs by $76 million annually***[15], directly contradicting ERM's projections of cost savings. ERM's omission of realistic charging behaviors greatly underestimates necessary infrastructure investments and consumer costs.

5. **Neglect of Upstream and Lifecycle Emissions:**
   ERM ignores emissions associated with EV manufacturing, battery production, and end-of-life disposal. Peer-reviewed life-cycle assessments demonstrate that these activities produce significant emissions and environmental impacts. ERM's oversight misrepresents the total ecological footprint of transitioning to EVs.

6. **Omission of Road Funding Impacts:**
   ERM fails to account adequately for the substantial reduction in Motor Fuel Tax revenue and the resulting infrastructure funding shortfalls created by increased EV adoption. This critical omission alone represents billions in additional unfunded costs that Illinois taxpayers must bear.

In short, ERM's analysis presents an idealized scenario that fails to account for real-world economic, social, and infrastructure challenges. The report provides an unrealistic and unreliable justification for adopting the ACC II mandate by systematically overstating benefits and ignoring significant costs.

VI. Compliance Credit Mechanism Under ACC II Moves Money Between Manufacturers

[15] https://www.citizensutilityboard.org/wp-content/uploads/2019/03/Charging-Ahead-Deriving-Value-from-Electric-Vehicles-for-All-Electricity-Customers-v6-031419.pdf

Throughout the rulemaking process, Rule Proponents repeatedly cited "compliance credits" as their primary solution to criticisms of the feasibility and market readiness of the ACC II mandate. However, this approach fails to produce tangible environmental benefits and instead acts as a direct transfer of wealth from Illinois consumers to specific manufacturers, notably, EV-only manufacturers like Tesla.

Tesla, the largest beneficiary of such compliance credit schemes, has generated massive revenue through these credits, independent of its actual vehicle sales. According to Axios, since 2012, Tesla has earned approximately $11 billion from regulatory compliance credits, up to 43% of its annual net income in recent years.[16]

In 2022 alone, Tesla collected nearly $1.78 billion from credit sales, a critical element enabling Tesla to achieve profitability despite underlying financial pressures. [17]

The Wall Street Journal further noted that in 2020, Tesla's credit sales amounted to $1.58 billion, significantly exceeding its $721 million net income—without these credits, Tesla would have recorded a substantial financial loss.[18]

Direct Cost Transferred to Illinois Consumers

Adopting ACC II rules would essentially mandate that Illinois automakers unable or unwilling to meet aggressive ZEV sales quotas purchase billions of dollars in compliance credits. These additional costs—inevitably passed directly onto Illinois consumers—would increase prices for every new vehicle sold within the state, electric or otherwise.

In practical terms, adopting ACC II would mean billions in Illinois dollars directly into Tesla's already substantial profit stream, representing not only a wealth transfer out of Illinois

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[16] Axios https://www.axios.com/2025/01/09/tesla-clean-credits-trump

[17] https://carboncredits.com/tesla-hits-record-high-sales-from-carbon-credits-at-1-79b/)

[18] https://www.wsj.com/business/autos/how-government-programs-help-fuel-tesla-profit-c9887cdf).

but also increased financial burdens on residents statewide.

For Illinois, adopting ACC II would force automakers unable to meet unrealistic ZEV quotas to purchase compliance credits, significantly increasing costs that would inevitably be passed directly onto consumers through higher vehicle prices. This compliance credit system does not incentivize additional EV production nor directly reduce emissions; it is simply a financial mechanism transferring billions of Illinois dollars into Tesla's existing profit stream.

The reliance on compliance credits proposed in ACC II results in economic harm to Illinois residents, drives up consumer costs, and fails to achieve genuine environmental improvements. Illinois needs practical and effective solutions to emissions reductions, not costly regulatory schemes that enrich select corporations at the expense of its citizens and local businesses.

VII. Conclusion

The evidence presented throughout this rulemaking is unequivocal: Illinois consumers, infrastructure, and economy are fundamentally unprepared for the dramatic mandates proposed by ACC II. With current electric vehicle adoption at only 7–8%, inadequate charging infrastructure statewide, and no credible enforcement mechanism, the proposed regulations are unrealistic, economically harmful, and practically unenforceable. Adopting ACC II would restrict consumer choice, inflate vehicle costs, and unfairly burden families and small businesses across Illinois.

Furthermore, the underlying economic justification for ACC II relies on deeply flawed assumptions, including inflated economic benefits, unrealistic market forecasts, unaccounted infrastructure expenses, and significant wealth transfers from Illinois consumers to out-of-state corporations through compliance credits that yield no tangible environmental gains.

Illinois already has effective and practical pathways to decarbonization through the existing Climate and Equitable Jobs Act (CEJA) and federal emissions regulations, providing flexibility without unnecessary economic disruption. Adopting ACC II, therefore, is excessive, harmful, and contrary to the best interests of Illinois residents and businesses.

The Illinois Pollution Control Board should decisively reject the proposed Advanced Clean Cars II regulations to safeguard Illinois' economic stability, consumer choice, and future prosperity.