Florida Department of Environmental Protection
Division of Air Resource Management

RE: Drive Electric Florida Comments on the Draft Beneficiary Mitigation Plan Updates and Amendments

September 19, 2025

Drive Electric Florida thanks the Florida Department of Environmental Protection (Department) for the opportunity to submit comments in relation to the Draft Beneficiary Mitigation Plan Updates and Amendment pursuant to the Environmental Mitigation Trust Agreement for State Beneficiaries, under the Volkswagen Settlement. Drive Electric Florida is an association of EV industry stakeholders from across the state that include representatives of automakers, EV charging infrastructure providers, utilities, local government, universities, Clean Cities coalitions, environmentalists, and the leadership of EV enthusiast groups. Our mission is to support and accelerate the adoption of plug-in electric vehicles in Florida by engaging and educating the public, businesses, and policy-makers; facilitating collaboration; and supporting EV-friendly policy and programs.

Drive Electric Florida appreciates the Department's leadership in driving success under the Beneficiary Mitigation Plan. However, **Drive Electric Florida recommends Florida adopt an inclusive, technology-neutral approach that embraces all available alternative fuels and continue investing in electrification through the available Volkswagen settlement funds. The State should not pick winners and losers in advance of requesting proposals for use of the funds, but rather should examine and fund specific proposals in view of how they meet the State's environmental protection goals.**

1. **An inclusive, technology-neutral and free market approach will enable consumer choice.**

Floridians appreciate the freedom to choose the vehicles that best meet their needs, whether they are families, small businesses, or municipal fleets; however, that freedom depends on having real options in the marketplace. A competitive free-market economy thrives on innovation, choice, and consumer-driven demand. Strategic investments in EVs and charging do not eliminate conventional choices; they expand them by ensuring that an electric option is available and practical across vehicle classes, and geographies (including the growing used-EV market). By enabling competition between electric and internal combustion vehicles, we allow market forces, not regulatory constraints, to determine which technologies win out based on cost, performance, and customer satisfaction. Robust charging infrastructure and continued support for electric models increase this competition, which in turn drives down prices and spurs innovation across all powertrains.

For fleets, more choice means the ability to select vehicles with the lowest total cost of ownership and least exposure to fuel price shocks, and choosing quieter, cleaner vehicles without sacrificing range or convenience. Redirecting funds away from electrification would distort the market, narrow consumer options, slow the emergence of affordable used EVs, and limit fleets' access to lower operating-cost transportation. Maintaining Florida's EV momentum ensures a level playing field, strengthens the market-based competition that benefits all consumers, and preserves true free-market consumer choice.

2. **The Florida electric vehicle (EV) market has significant demand.**

Florida stands at a critical juncture in its approach to transportation electrification. Florida leads the Southeast in EV adoption, ranking first in the region and thirteenth nationwide in market share. The state has recorded 488,260 cumulative sales, achieving a remarkable 42% annual growth rate and maintaining an average annual EV market share of 10.3%. Florida ranks number 2 in the nation in light-duty electric vehicle sales. While the Department is interested in using the VW funds for medium and heavy-duty applications, we think this data shows significant interest in electrification in Florida which will extend to medium and heavy-duty trucks as well, as available offerings increase. Infrastructure has kept pace as well, with Florida offering 3,502

fast-charging ports and 8,665 Level 2 ports. This positions Florida second in the region in charging availability per capita, with a 27% annual growth rate in total ports. This rapid adoption underscores the demand for and momentum behind EV deployment statewide.

On the commercial side, EV sales in the Southeast continue to accelerate. From 2022 to mid-2025, sales of new commercial EVs climbed sharply, led primarily by Rivian and Ford but also joined by General Motors, Daimler, Gillig, Blue Bird, and others. The strongest gains are visible in late 2023 and into 2025, where quarterly sales surpassed 2,000 units, signaling increasing fleet commitments to electrification across multiple vehicle classes.

Nationally, lighter commercial EVs, especially Class 2b electric vans, dominate adoption. Since 2024, a total of 9,002 Class 2b vans have been deployed, by far the largest share among reported commercial EV types. This trend underscores the continued dominance of medium-duty electrification in fleet applications, as vans and delivery vehicles remain a critical early market for cost-effective and scalable electrification.

Together, these figures highlight that Florida is not only a leader in EV adoption and charging deployment but also part of a broader Southeast market that is rapidly shifting toward electrified commercial fleets. With EV registrations surging and infrastructure gradually expanding, reversing course now would stall momentum and exacerbate gaps, particularly in corridors still lacking charging accessibility.

3. **Supply chain and battery market developments are making EVs more affordable and accessible to consumers.**

Supply chain vulnerabilities and battery costs remain challenges; however, emerging trends show increasing stability and steadily declining expenses:

- Critical minerals such as rare earth elements and graphite remain highly concentrated in China, with about 90% of global graphite production tied to Chinese supply chains.
- Domestic production is surging. Since passage of the Inflation Reduction Act, U.S. investment in EV and battery manufacturing has grown dramatically from $2.5 billion in Q3 2022 to $14 billion in Q1 2025. Roughly half of the 380 announced clean tech manufacturing facilities were operational by March 2025.

- Global mineral supply is stabilizing. In 2023, supply notably outpaced demand, with lithium supply exceeding demand by more than 10%, cobalt by 6.5%, and nickel by 8%. These surpluses reduce risks of bottlenecks and drive down costs.
- Battery costs are falling. Between 2010 and 2024, EV battery costs declined by about 90%, driven by technological advances, economies of scale, and mass production, signaling growing affordability and readiness.

These developments show that, while oversight of supply chains remains necessary, the EV market is becoming more resilient and cost-effective.

4. **There are strong EV use cases for medium trucks and freight vehicles.**

Medium- and heavy-duty (MHD) EVs represent a strategic opportunity for fleet electrification that delivers operational advantages. In particular, port drayage trucks are an ideal application for EV deployment because they operate on predictable, short-haul routes between ports, warehouses, and distribution centers. These duty cycles align well with current battery capabilities, allowing vehicles to reliably complete daily operations while recharging during scheduled downtime. Drayage operations typically rely on Class 8 day cabs and yard tractors, and several electric models, such as the Volvo VNR Electric, Freightliner eCascadia, and Orange EV yard hostlers, are already in deployment at major ports. Beyond drayage, there are numerous other MHD vehicle classes well-suited to electrification. Class 6–7 trucks such as box trucks, beverage delivery vehicles, and refuse trucks are seeing strong EV adoption due to their return-to-base routes and high idle time. Class 4–5 trucks such as step vans, walk-in vans, and utility bucket trucks, used by municipal, and parcel delivery fleets, are now available in electric configurations from manufacturers like Xos, Motiv, and SEA Electric. Even Class 3 vehicles like heavy-duty pickups and vans, including the Ford F-150 Lightning and Rivian vehicles, offer new electric options for service and last-mile delivery fleets.

Electrifying drayage and other freight vehicles also deliver significant community benefits. Ports and the surrounding neighborhoods often experience high concentrations of diesel truck traffic, resulting in elevated levels of air pollution, noise, and greenhouse gas emissions. Transitioning these fleets to electric would directly improve air quality in frontline communities, reduce exposure to harmful diesel exhaust, and contribute to public health gains. From an economic perspective, EVs offer lower operating and maintenance costs compared to diesel, with fewer moving parts, no reliance on volatile fuel prices, and potential savings through fleet charging strategies.

Many fleet operators are also able to leverage cooperative procurement, utility programs, and federal funding streams, which further strengthen the total cost of ownership case.

5. **Florida can build off its electrification momentum.**

Florida leads the nation in prioritizing VW Settlement funds for electrification. With $147.4M dedicated to EV projects, Florida has invested more than any other state. New York ($100.7M), Texas ($95.1M), and North Carolina ($94.3M) trail far behind. While many states split funds among diesel, other fuels, and electric projects, Florida's focus on EVs has amplified benefits, accelerating deployments, leveraging federal programs, and improving public health outcomes. In fact, only electrification can eliminate tailpipe emissions over the long term and deliver benefits that align with the intent of the VW Settlement. This record proves the state's strategy is working and should not be reversed.

Recommendations and Conclusion

The Volkswagen Settlement Trust was established to reduce NO_x emissions and accelerate the transition to cleaner transportation technologies. Florida's early investments in EVs have already demonstrated measurable success, delivering public health gains, operational savings, and market momentum. As the state considers how to allocate the remaining $40.6 million, we urge the Department to adopt an inclusive, technology-neutral approach that embraces all available alternative fuels, without excluding electrification.

A robust, competitive market depends on consumer choice and fuel diversity. By supporting a full range of clean vehicle technologies Florida can empower businesses, and fleet operators to choose the vehicles that best meet their needs. Electrification should remain a central component of this strategy, especially given the state's early leadership and the growing availability of EVs across vehicle classes and price points.

Excluding EVs from remaining settlement funds would not only narrow the choices available to consumers and fleets, but it would also distort the free market and limit technology competition. Florida should continue investing in electrification as part of a broader clean transportation portfolio, ensuring that market forces, not policy barriers, determine the best-fit solutions. Maintaining support for EVs will lower long-term fleet

operating costs, reduce exposure to fuel price volatility, and secure lasting public health and environmental benefits. With EV adoption on the rise and supply chains stabilizing, now is the time to build on Florida's progress—not retreat from it.

Drive Electric Florida urges the Department to adopt an inclusive, technology-neutral and free market approach that embraces all available alternative fuels, including electric vehicles (EVs), as DEP prepares to utilize the remaining unallocated settlement funds available to the state for new projects under two additional categories of EMA: Class 8 Local Freight Trucks and Port Drayage Trucks (Eligible Large Trucks) (EMA #1); and Class 4-7 Local Freight Trucks (Medium Trucks) (EMA #6)."

Please do not hesitate to reach out if you have any questions. We look forward to continuing to work with the Department.

Respectfully submitted this 19th day of September 2025,

Kenneth Hernandez

Chair, Board of Directors

Drive Electric Florida