



## SOUTHWEST ENERGY EFFICIENCY PROJECT

*Saving Money and Protecting the Environment Through More Efficient Energy Use*

### Electric Vehicle Group Purchase Program - FAQ

#### What is an EV group purchase program?

The basic idea behind an EV group purchase program is that a local agency negotiates a discounted price from one or more EV dealers or car companies. This deal is then available for a limited time to members of a group, whether they are employees of a company or residents of a community. The agency then agrees to take the lead in outreach and marketing for this deal.

#### Do these programs actually spur sales of more EVs?

Yes. Most of the early pilots have had significant success in increasing EV sales. In Boulder County, sales of Nissan LEAFs went up by 230 percent from 52 LEAFs in the county in the last four months of 2014, to 173 in the last four months of 2015. In Northern Colorado, the program saw a nearly 300 percent increase in the sales of LEAFs from 15 in the last two months of 2014 to 59 in the last two months of 2015.

#### How expensive is it to run a group purchase program?

One of the great advantages of a group purchase program is that it very inexpensive for a local agency to run, but it still has a large impact. The local agency's role is harnessing the collective buying power of your constituents to negotiate a discount from private sector providers (car dealers, auto companies), and then using your access to the community to get the word out. For a very small outlay of staff time and money, you can create a big impact in the community.

#### Who can offer a group purchase program? Does it have to be a local government?

There are many different organizations or agencies that can offer the program, depending on what is the best fit for your community. After all, among the programs to date, one was sponsored by local government, one by a university, and one by a nonprofit. Other possibilities could include utilities, local economic development organizations, and air quality agencies. The key is to choose an organization that has credibility within the community and the capacity to successfully manage the program.

#### How large are the discounts?

The discounts that the programs offer are based on a competitive procurement process and negotiations with the chosen auto dealers, manufacturers, and solar installers.

For example, in the Boulder County program, manufacturer and dealer discounts were approximately \$8,500 on the 2015 Nissan LEAF.



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### What customers are eligible to participate?

It is up to you to decide who is eligible to participate in the program. In some cases, employers offer group purchase programs, and so they are only open to employees of those companies; in others, programs are open to everybody who lives in the community. It is also possible to have a hybrid program, where anyone in a community is eligible, but participating public agencies and large employers make special efforts to reach out to their employees and inform them of the opportunity.

### Does the program need an outside administrator?

Some group purchase programs have used outside administrators while others have used in-house administrators. An outside administrator is advantageous because it may lessen the load on agency staff since the outside administrator would be primarily responsible for issuing the RFP, reviewing RFP responses, setting up the program website, and maintaining the database of program participants. The local agencies still will need to play a strong role in outreach, since a core component of the program is community-based marketing. An outside administrator either will require funding from the agency or will need to add a fee to the solar and EV programs to cover their administrative costs.

### What is the RFP process for EV providers?

Typically, a program administrator will use a competitive bid process to select the companies that will participate. The idea is to find the companies that will offer the best combination of discounted pricing, good financing options, superior customer service, and largest availability of inventory. For any individual program, you will need to decide which aspects are most important when choosing the contractors.

You should send RFPs to both auto dealers and to the Original Equipment Manufacturers (OEMs), the technical term for automobile manufacturers. You will then want to create a committee to review the responses and decide which providers to select.

For More Detailed Information:

EV Group Purchase Handbook:

This is a handbook for local governments, utilities, or other agencies interested in launching an electric vehicle or solar group buy program, including information on program benefits, sample RFPs, and sample outreach materials.

[http://www.swenergy.org/data/sites/1/media/documents/publications/documents/Power\\_Purchase\\_Handbook.pdf](http://www.swenergy.org/data/sites/1/media/documents/publications/documents/Power_Purchase_Handbook.pdf)



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### EV Group Purchase Evaluation:

This report provides results and analysis of a four-month group purchase program for electric vehicles and solar photovoltaic hosted by Boulder County, Adams County and the City and County of Denver.

[http://www.swenergy.org/data/sites/1/media/documents/publications/documents/Colorado\\_EV\\_Group\\_Purchase\\_Programs\\_Mar-2016.pdf](http://www.swenergy.org/data/sites/1/media/documents/publications/documents/Colorado_EV_Group_Purchase_Programs_Mar-2016.pdf)