

Dear Members of the CT Commission on Fiscal Stability

My name is Ganesh Srivats, and I am Vice President of Sales at Tesla. Tesla is an American manufacturer of all electric vehicles (EVs), and solar and battery storage solutions. Founded in 2003 by five Silicon Valley engineers seeking to end our country's dependence on oil – particularly foreign oil – this U.S. company's core mission is to accelerate the world's transition to sustainable energy.

Prior to joining Tesla in May of 2015, I served as Senior Vice President of Retail at Burberry Americas. I received my B.S. degree from the University of Bridgeport, and received my M.A. degree from the University of the Arts in London. I am a resident of Brooklyn, New York.

The Commission on Fiscal Stability has an important and challenging objective before it. The fiscal condition of the state of Connecticut is unsustainable. It not only warrants a change in the status quo but demands creative and innovative solutions. I hope you can consider the following recommendations to your automotive franchise laws that will enable a more competitive business environment and ultimately drive more investment to the electric vehicle (EV) segment. As emissions are on the rise in Connecticut, it is critical to quickly transition from internal combustion engine vehicles to EVs.

State-by-state automotive franchise laws were enacted decades ago to prevent a manufacturer from unfairly opening stores in direct competition with affiliated franchised dealers who had already invested time, money, and effort to promote their businesses. These laws were created to protect, for example, the Ford dealer from direct competition and other abuses by its sole supplier, Ford, the manufacturer. Understandably, Connecticut's franchise laws were enacted without contemplating a new upstart manufacturer such as Tesla, and the current statutes may be interpreted to prohibit manufacturer direct sales, whether a manufacturer establishes independent franchised dealers or not.

These laws are being exploited by franchised dealers in Connecticut to prevent car companies with non-traditional sales models, such as Tesla, from entering the market. Tesla has no, nor has it ever had any, franchise dealers, anywhere. Instead, Tesla has always sought to sell its vehicles directly to consumers. Connecticut is one of a handful of states that prohibit consumers from buying an EV from a Tesla store within the state. Connecticut consumers must go to Massachusetts, New York and soon Rhode Island -to learn about and purchase a Tesla.

Connecticut has pledged important goals: significantly reduce Greenhouse gas emissions by 2020 while diversifying energy supply and reducing energy costs. Recently, 26 legislators asked the Department of Energy and Environmental Protection to "do more to grow electric vehicles in the state"<sup>1</sup>. Given that Tesla vehicles are the best-selling EVs in Connecticut despite Tesla having no stores, the most effective way to increase EV adoption would be to allow a direct sales channel for Tesla and its customers.

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<sup>1</sup> Letter to the Honorable Rob Klee, Commissioner, Department of Energy and Environmental Protection; Re: Connecticut Draft Comprehensive Energy Strategy and urgent need to accelerate expansion of EV infrastructure and incentives through recommendations in the Comprehensive Energy Strategy. Link:


<https://www.sierraclub.org/sites/www.sierraclub.org/files/uploads-wysiwig/Sign%20on%20Letter%20to%20DEEP%20Final%2012.21.pdf>

Additionally, an MIT research project shows that EVs are 20 percent less expensive to own and operate than gasoline-powered cars in the same class<sup>2</sup>. And the American Lung Association has found that passenger-vehicle emissions generated by the average tankful of gasoline cost the public \$18.42 in health costs<sup>3</sup>, impacting the health of low-income people most. Despite those jarring figures, the fact that there are still roadblocks to EV adoption in the state puts the state at a disadvantage and less competitive than its neighbors.

Tesla has not asked for any financial assistance from the state, so the investments from Tesla will be completely additive. Once Tesla is operating stores throughout the state, increased sales tax revenue and hundreds of jobs will be realized. Note that current Tesla customers from Connecticut take delivery in New York and pay New York sales tax resulting in an opportunity cost of roughly \$5 million dollars annually.

Legislators are being lobbied to restrict direct sales against the clear will of the citizens of the state. The purpose of this commission has been marketed to attract business to the state. I hope this argument can help persuade the commission that legislation to allow Tesla's direct sale will do just that.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ganesh Srivats', with a stylized, flowing script.

Ganesh Srivats  
Vice President, Sales  
Tesla, Inc.

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<sup>2</sup> Personal Vehicles Evaluated against Climate Change Mitigation Targets; Marco Miotti, Geoffrey J. Supran, Ella J. Kim, and Jessika E. Trancik Institute for Data, Systems, and Society, Department of Materials Science & Engineering, and Department of Urban Studies & Planning, Massachusetts Institute of Technology, Cambridge, Massachusetts 02139, Santa Fe Institute, Santa Fe, New Mexico 87501, United States. Publication Date (Web): September 27, 2016. Link: <http://news.mit.edu/2016/study-finds-low-emissions-vehicles-less-expensive-overall-0927>

<sup>3</sup> American Lung Association, October 27, 2016. Link: <http://www.lung.org/local-content/content-items/about-us/media/press-releases/ca-report-zero-emission-2016.html?referrer=https://www.google.com/>