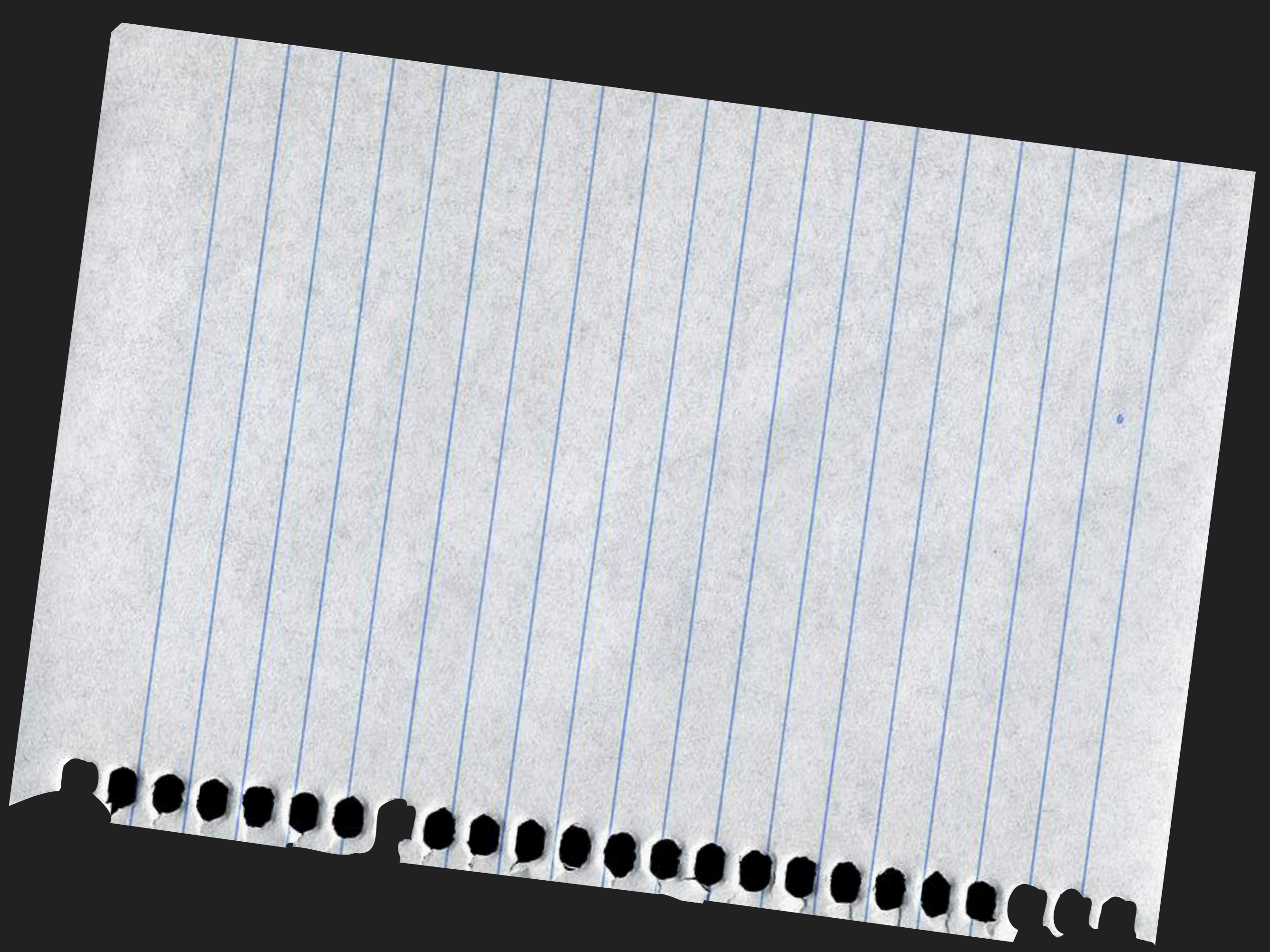


CHARLES GERENA, DRIVE ELECTRIC RVA

**THE ZERO EMISSION
TRANSPORTATION SOLUTION**

**ELECTRIC VEHICLES ARE NO
LONGER A NICHE MARKET**



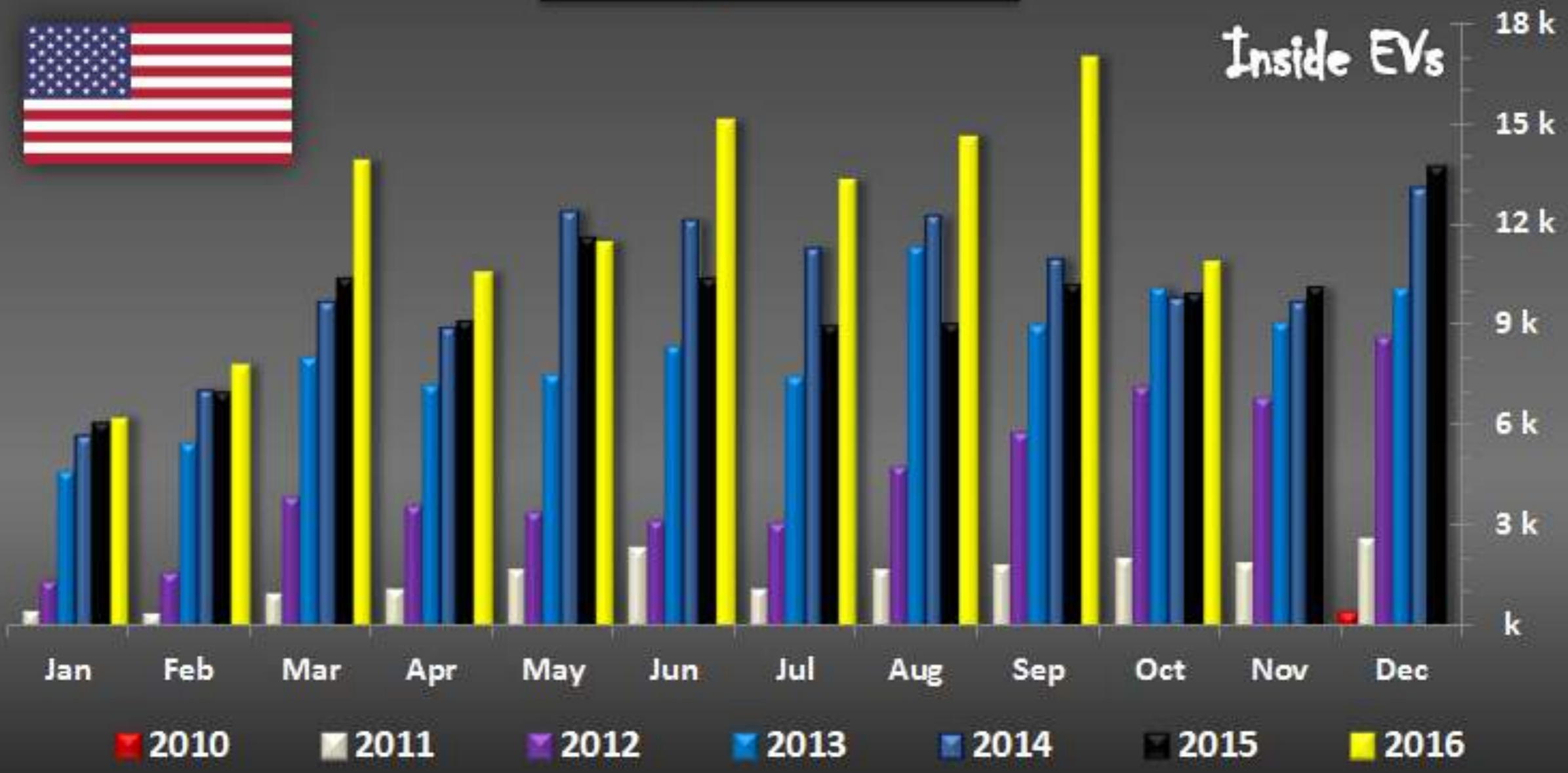
14,479,364

120,517

U.S. Plug-In Car Sales



Inside EVs



WHY?

Public Policy Evaluation in the Face of Strong Prior Beliefs: The Case of Electric Cars

By Stephen P. Holland, Erin T. Mansur, Nicholas Z. Muller, & Andrew J. Yates

September 9, 2015

Dispassionate or beliefs about electric vehicles generate a use. Rather than simple consequences of gasoline and

A rigorous assessment of economic and physical

valuation is crucial in contexts characterized by strong prior beliefs. Federal subsidies for electric

Environmental Benefits from Driving Electric Vehicles?

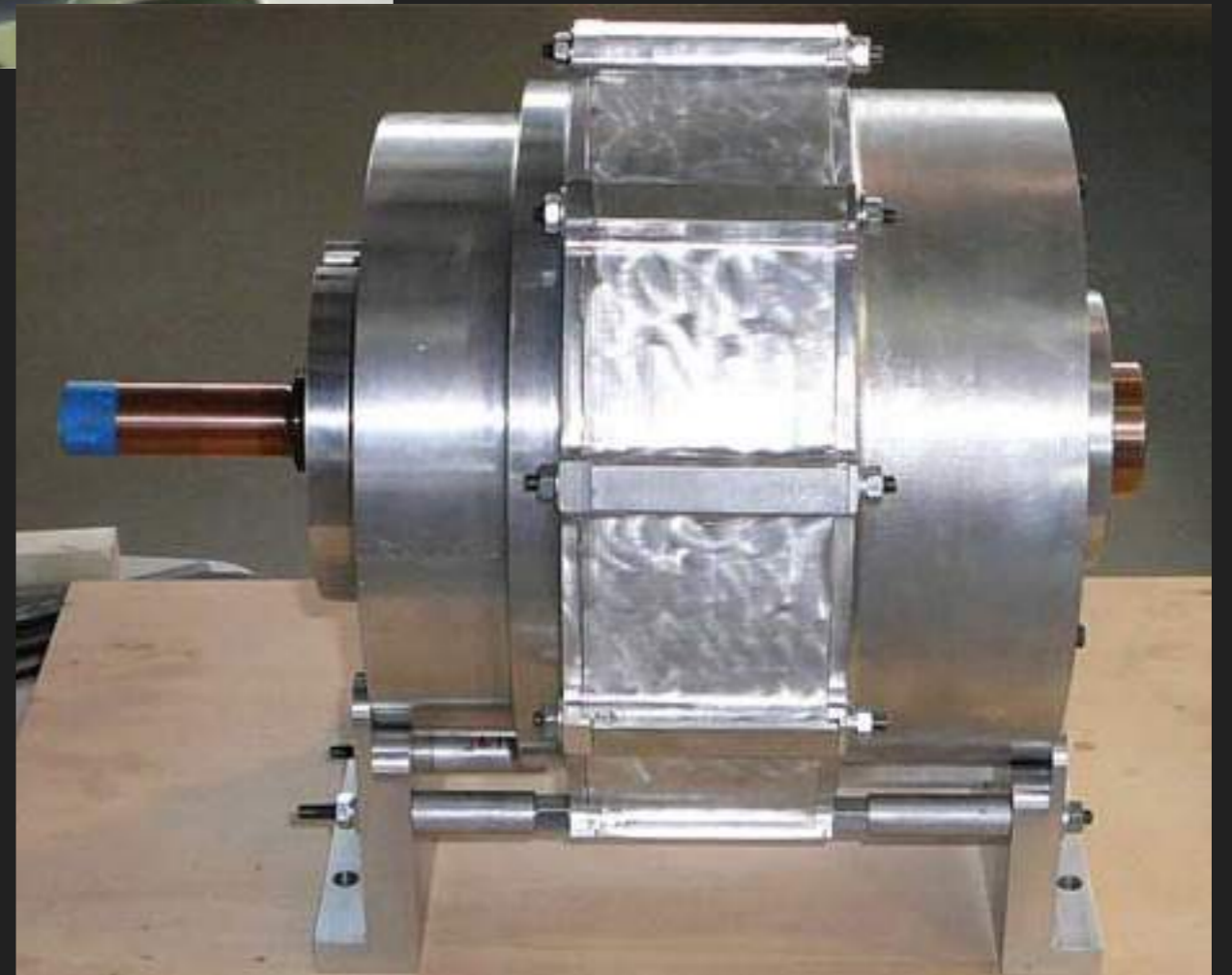
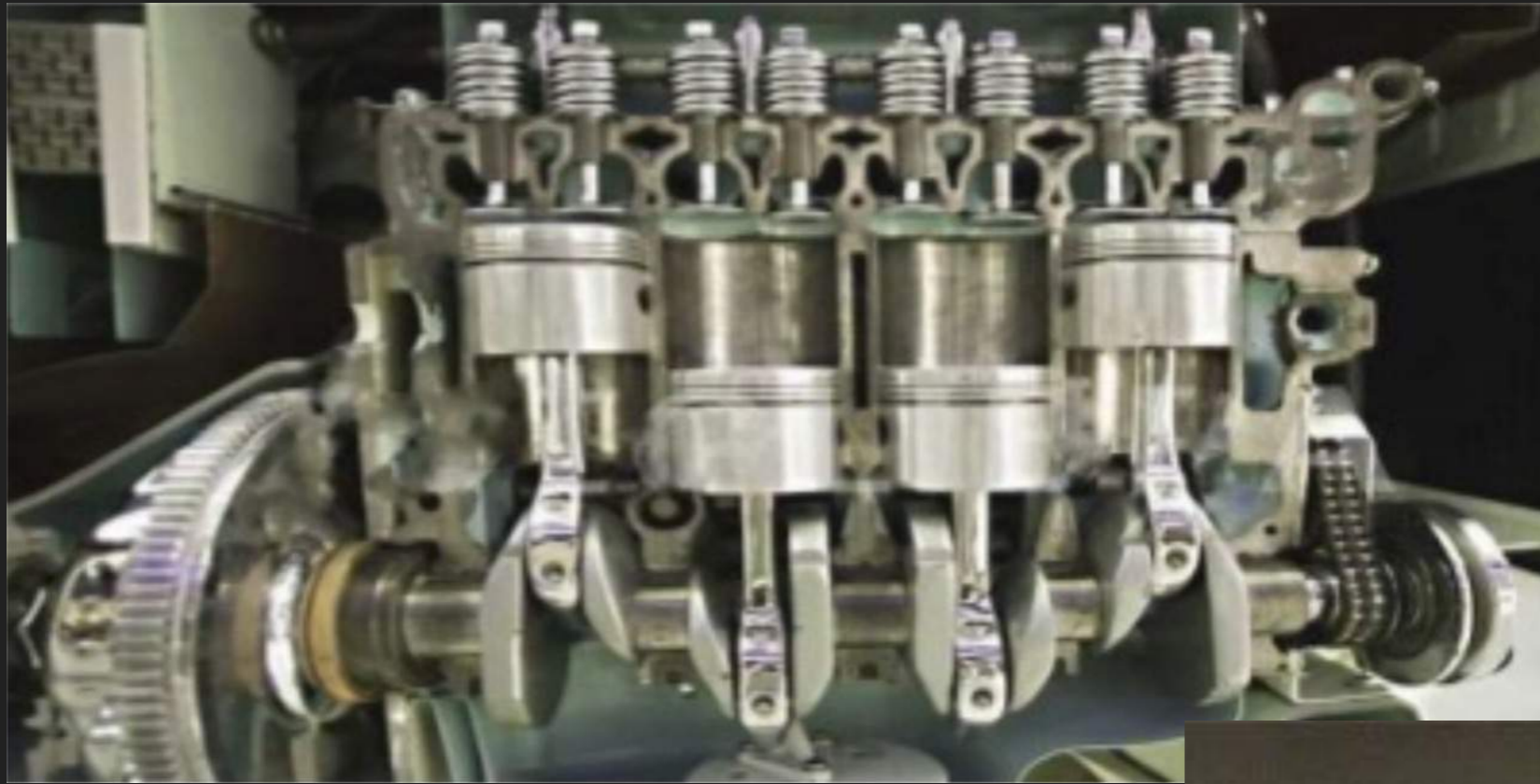
Stephen P. Holland, Erin T. Mansur, Nicholas Z. Muller, Andrew J. Yates


NBER Working Paper No. 21291

Issued in June 2015

NBER Program(s): [EEE](#)

Electric vehicles offer the promise of reduced environmental externalities relative to their gasoline counterparts. We combine a theoretical discrete-choice model of new vehicle purchases, an econometric analysis of the marginal emissions from electricity, and the AP2 air pollution model to estimate the environmental benefit of electric vehicles. First, we find considerable variation in the environmental benefit, implying a range of second-best electric vehicle purchase subsidies from \$3025 in California to -\$4773 in North Dakota, with a mean of -\$742. Second, over ninety percent of local environmental externalities from driving an electric vehicle in one state are exported to others, implying that electric vehicles may be subsidized locally, even though they may lead to negative environmental benefits overall. Third, geographically differentiated subsidies can reduce deadweight loss, but only modestly. Fourth, the current federal purchase subsidy of \$7500 has greater deadweight loss than a no-subsidy policy.



A close-up comic book illustration of a blonde woman with a confident, slightly smug expression. She has large, expressive eyes with long, dark eyelashes and a slight smile showing her teeth. Her hair is styled in a classic, voluminous blonde bob. A white speech bubble with a black outline is positioned to the left of her face, containing the text "IT'S A NO BRAINER". The background is a solid light blue color.

IT'S A
NO BRAINER

**THE PV COMES FIRST,
THEN THE EV**

WHY?











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