Blair Anderson
Vice President, Government and Regulatory Affairs
blair.anderson@scoutmotors.com
571.618.8595

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Department of Ecology
State of Washington

Scout Motors Inc. Comments on ZEVergreen Dialogue Sessions

Scout Motors Inc. ("Scout Motors") applauds the Department of Ecology for seeking input on actionable strategies for the 2026 legislative session to accelerate Washington's transition to electrified vehicles and achieve statewide emission goals. Two strategies we wish to highlight include supporting additional technologies that meaningfully reduce emissions and removing barriers that limit consumer access to these vehicles.

First, the state should recognize and promote extended-range electric vehicles ("EREVs"), which are battery electric vehicles ("BEV") with the addition of a small on-board engine that acts solely as a generator to provide electricity to recharge the battery. EREVs serve as a critical transition technology to achieve significant emissions reductions while paving the way for widespread adoption of pure BEVs without the need for costly government subsidies and sales incentives.

Second, Washington should allow electrified vehicle manufacturers to sell directly to consumers. Direct sales—already successful across the country—are cost-effective, transparent, and enable vehicle customization. Authorizing this model will expand consumer choice, streamline access to advanced electrified vehicles, and further advance the state's zero-emission goals.

Extended Range Electric Vehicles are Integral to the Transition to Full Electrification

Scout Motors was established in 2022 as an independent American startup to revitalize the iconic Scout vehicle brand through the introduction of all-new, electrified, off-road capable trucks and sport utility vehicles ("SUV"). Scout vehicles will include both full BEV as well as EREV variants for each of its Traveler (SUV) and Terra (pickup truck) models, providing its customers with the choice of two different technologies: one that is fully electric and one that retains an on-board engine to power electric operations when access to external charging is limited. These vehicles will be assembled in Blythewood, South Carolina, where our manufacturing facilities are nearing completion and are targeted for production starting in late-2027.

Jurisdictions within the United States and around the world have established future transportation emissions targets seeking to employ a varying degree of vehicle electrification. Whether it be full BEV adoption by 2035 or incremental carbon dioxide reductions over time, policymakers rely on incremental hybridization technology advances to meet future targets while providing consumers with a range of options that meet their transportation needs. The earliest

hybrids, known as HEV, added electric motors and small batteries to internal combustion engine ("ICE") drivetrains for the purpose of increasing fuel economy. In these early hybrids, the vehicle is propelled directly by the gas engine, the electric motor, or a combination of the two. Manufacturers continued to evolve hybrid vehicle technology to increase the size of the battery and allow external charging to supplement the energy generated by the traditional hybrid system. These became known as plug-in hybrid electric vehicles ("PHEV").

Presently, Scout Motors is developing the latest improvement to electrification with its EREV. Unlike HEVs and PHEVs, the EREV does not utilize the gas engine to drive the wheels; the wheels are only driven by the electric motors. This allows the ICE to be operated at the most optimal conditions to generate electricity, which directly translates to improved efficiency and reduced emissions over other non-BEV electrified options. As compared to today's PHEVs, EREVs are equipped with larger batteries operating on higher voltage electric drivetrain platforms, meaning that EREVs effectively operate as BEVs for most drivers with access to daily charging. When drivers are able to accomplish most, if not all, daily driving operations on a single charge, they are more likely to plug in their vehicle to recharge the battery rather than rely on the ICE to provide continued propulsion. Put differently, as electric range goes up in non-BEV electrified vehicles, so does electric "utilization," *i.e.*, time operating without the ICE.

Real-world data indicate that customers operating traditional PHEVs—with a typical all-electric range between 15 and 40 miles—are often inclined to fill up the gas tank and rely on the ICE rather than charge externally.[1] EREVs, on the other hand, with significantly larger batteries and increased all-electric range over traditional PHEVs, provide much higher electric utilization rates and, by extension, reduced real-world tailpipe emissions.[2] While EREVs have not yet penetrated the U.S. market, they are gaining popularity in other regions. For example, in 2024, 1.2 million EREVs were sold in China, with an average all-electric range of approximately 100 miles and an average electric utilization over 70%.[3] The Scout Motors' EREV is projected to offer range performance above this average which will, in turn, deliver an even higher electric utilization as most daily driving operations can be accomplished on a single charge. By way of comparative example, if the typical full-size ICE vehicle operates 10,000 miles per year and emits 430 grams per mile of carbon dioxide, and if Scout Motors sells 100,000 EREVs each year that conservatively operate under battery power 70% of the time, those vehicles could collectively reduce carbon dioxide tailpipe emissions by over 300,000 tons per year.

[1] Tal, G., et al. (2020). *Advanced Plug-in Electric Vehicle Travel and Charging Behavior Final Report*. UC Davis. https://csiflabs.cs.ucdavis.edu/~cjnitta/pubs/2020_03.pdf.
[2] Isenstad, A., et al. (2022). International Council of Clean Transportation. *Real World Usage of Plug-In Hybrid Vehicles in the United States*. https://theicct.org/wp-content/uploads/2022/12/real-world-phev-us-dec22.pdf
[3] BloombergNEF (2025), *Electric Vehicle Outlook 2025* at p.3, Summary Report *available at* https://about.bnef.com/insights/clean-transport/electric-vehicle-outlook/.

Beyond EREV's improvements in all-electric range over traditional PHEVs, EREVs will help pave the way for widespread BEV adoption in two critical ways. First, because an EREV's gas engine does not directly power the drive wheels, drivers will always experience the instant torque, regenerative braking, and smooth ride that come from an electrified drivetrain regardless of whether the ICE is active or not. As such, drivers will become accustomed to thinking of their EREV as a fully electric vehicle more than a PHEV or HEV and will demand the associated performance enhancements that come from electrification in future purchases. Second, drivers' range anxiety fears will be assuaged by the EREV's onboard ICE, which is there "just in case" immediate plug-in resources are not available. Range anxiety of BEVs can stem from a myriad of factors, including but not limited to relatively low all-electric range, insufficient charging infrastructure, and weather effects. It is expected that many of these limitations will be resolved as BEV technology improves; however, EREVs are perfectly suited to mitigate these concerns in the intervening years. Consumer behavior affirms that fact as demonstrated in Scout Motors' reservations for its upcoming vehicles with a substantial number of consumers interested in the EREV add-on.

In customer focus groups conducted by Scout Motors, participants were sampled from groups of drivers of ICE, HEV/PHEV, and BEV, respectively. Participants were presented with the expected performance characteristics of Scout Motors' EREV and asked about their future purchasing decisions with respect to the Scout Motors product portfolio. Results indicate that up to 20% of current ICE vehicle drivers would transition to an EREV instead of another ICE vehicle as their next car purchase. Put differently, when an EREV product is offered, more customers will trade in their ICE vehicle for an electrified product but would not do so if only BEV platforms were offered. Thus, policies that incentivize EREVs will increase the number of electrified vehicles on the road with high all-electric utilization rates.

Scout Motors embraces a direct-to-consumer sales model

The way in which Americans purchase products, including vehicles, has evolved. Consumers now buy everything from homes to electronics online and directly from manufacturers. So as an innovative, new vehicle manufacturer, Scout Motors has made a strategic business decision to sell directly to our customers, through retail locations in states that permit us to do so. By adopting a direct sales model and using an app-based platform, Scout Motors will foster direct manufacturer-to-customer engagement, allowing for customization, limiting idle inventory and streamlining registration, financing, and servicing and ultimately reducing the retail price of each vehicle by an estimated $7-10K compared to the traditional franchise dealer sales approach.[4] Studies have shown that by offering consumers the choice of direct sales, costs drop and electrified vehicle adoption

[4] The U.S. Department of Justice's Antitrust Division estimates that the dealer franchise model adds an 8.6% mark-up to the cost of a new vehicle. Economic Analysis Group Competition Advisory Paper, "Economic Effects of State Bans on Direct Manufacturer Sales to Car Buyers," p. 6, May 2009, available at https://www.justice.gov/sites/default/files/atr/legacy/2009/05/28/246374.pdf.

increases.[5]

Beyond consumer satisfaction, data indicate some franchise dealers may be less incentivized to market and sell electrified vehicles to the customers that want them. A 2023 Sierra Club survey highlights dealers' anti-electric vehicle sentiment, finding that 66% of dealerships nationwide did not have a single electric vehicle for sale and 45% of those dealerships reporting that they would not offer an electric vehicle for sale regardless of automaker allocation and supply chain constraints.[6] Case in point, Florida and New York have similar populations yet New York more severely restricts direct sales. As a result, in 2020, 80% more electric vehicles were sold in Florida as compared to New York.[7]

For this reason, Scout Motors will sell direct through states that do not require manufacturers to utilize franchised dealers. While our vehicles are compelling on their own, direct sales provide consumers with greater access, support, and convenience. Customers that do not reside in these states will still be able to purchase a Scout vehicle, though not without added complexities. When a customer cannot purchase a vehicle in-state, he or she may have to travel out of the state for product demonstrations, vehicle pick-up, and warranty repair services. These added expenses and inconveniences depress sales and, in turn, reduce the number of electrified vehicles on the road. Removing barriers to direct sales is therefore a straightforward way to accelerate Washington's transition to electrified vehicles.

The Department of Ecology Should Advocate for Direct Sales of electrified vehicles

Today, Washington prohibits nearly all vehicle manufacturers from selling direct.[8] As a result, if a new manufacturer wants to sell an electrified vehicle in the state, it must sell through a license in another state that allows direct sales, disincentivizing purchases for these vehicles. The Department should advocate for the introduction of new bills in the 2026 legislative section that open the direct sales allowance to all manufacturers that do not otherwise sell vehicles through franchise dealers. So long as vehicle manufacturers are not undercutting their franchise dealers by selling the same vehicles, there is no harm in providing customers with a choice in the retail model they wish to pursue.

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[5] Written Testimony of Prof. Daniel Francis Before the U.S. Senate Committee on the Judiciary Subcommittee on Competition Policy, Antitrust, and Consumer Rights for a Hearing Entitled "Deregulation and Competition: Reducing Regulatory Burdens to Unlock Innovation and Spur New Entry," June 24, 2035, p. 93, *available at* https://www.judiciary.senate.gov/imo/media/doc/efe2785b-b329-e9da-0b5e-0292d6c294e3/2025-06-24%20PM%20-%20Testimony%20-%20Francis1.pdf.

[6] Sierra Club, "A Nationwide Study of the Electric Vehicle Shopping Experience," May 2023, available at https://www.sierraclub.org/sites/www.sierraclub.org/files/2023-05/SierraClubRevUpReport2023.pdf.

[7] Electrification Coalition, "Freedom to Buy: What's In My State," available at https://electrificationcoalition.org/work/state-ev-policy/freedom-to-buy/whats-in-my-state/, (last accessed October 31, 2025).

[8] Revised Code of Washington 46.96.185(g) prohibits vehicle manufacturers from owning or operating dealerships with the exception of any manufacturer that held a dealer license on January 1, 2014 and does not sell vehicles otherwise sold at other franchise dealerships

Instead, as noted above, offering direct sale alternatives to traditional franchise dealers will increase the rate at which customers embrace advanced electrified technologies.

Increased EREV sales in particular are critical for Washington to hit its long-term electrification goals. Adopters of EREV technology will simultaneously develop familiarity with the general concept of plugging their vehicles in to charge and create more demand for public charging stations, all while drawing ICE customers to electrified options much sooner than they would if only BEV platforms were available. The proliferation of EREVs will increase the total amount of vehicle miles traveled without the operation of an ICE engine as the State transitions into a fully electric future, making that transition cleaner and faster. Importantly, by allowing direct sales of EREVs and other electrified products, the State can remove significant market barriers that otherwise impede sales at virtually no cost to its taxpayers.

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Scout Motors appreciates the opportunity to provide comments to the Department of Ecology and is able to provide any additional information or discussion that would be helpful as the Department prepares for the upcoming 2026 legislative session.

Regards,

Blair Anderson
Vice President, Government and Regulatory Affairs
Scout Motors Inc.