

October 23, 2019

The Honorable Frank Pallone
Chairman, House Energy & Commerce
Committee
2125 Rayburn House Office Building
Washington, DC 20515

The Honorable Greg Walden
Ranking Member, House Energy & Commerce
Committee
2322 Rayburn House Office Building
Washington, DC 20515

The Honorable Paul Tonko
Chairman, Environment Subcommittee
of the House Energy & Commerce Committee
2369 Rayburn House Office Building
Washington, DC 20515

The Honorable John Shimkus
Ranking Member, Environment Subcommittee
of the House Energy & Commerce Committee
2217 Rayburn House Office Building
Washington, DC 20515

Chairman Pallone, Ranking Member Walden, Chairman Tonko, and Ranking Member Shimkus:

Thank you for holding today's hearing, "Building a 100 Percent Clean Economy: Solutions for Planes, Trains and Everything Beyond Automobiles," examining opportunities to incorporate alternative fuel technologies into the U.S. transportation sector. Securing America's Future Energy (SAFE) appreciates the opportunity to submit this letter for the Hearing Record.

SAFE is a nonpartisan, nonprofit organization committed to reducing U.S. oil dependence to improve U.S. economic and national security. In 2006, SAFE formed the Energy Security Leadership Council (ESLC), a nonpartisan group of business and former military leaders in support of long-term policy toward this goal. The ESLC is co-chaired by Frederick W. Smith, Chairman and CEO of FedEx, and General James T. Conway, 34th Commandant of the U.S. Marine Corps (Ret.). SAFE's sister organization, the Electrification Coalition (EC), helps execute this mission by promoting policies and actions that help to facilitate the deployment of electric vehicles (EVs) on a mass scale.

As the Subcommittee examines energy solutions in the transportation sector, SAFE encourages you to consider the broader benefits of alternative fuel technologies – particularly EVs – for our national and economic security.

Overcoming U.S. Oil Dependence

The United States consumes 20 million barrels per day (Mbd)—making it the largest oil consumer in the world—more than 70 percent of which is used to power a transportation system that is 92 percent dependent on oil-based fuels. Volatile, and subject to a myriad of factors as diverse as the weather and market manipulation from the Organization of the Petroleum Exporting Countries, U.S. exposure to oil jeopardizes our economic sovereignty and constrains our foreign policy.

Last year, SAFE's analysis found that the U.S. spends approximately \$81 billion per year to protect the global oil supply—amounting to 16 percent of recent Department of Defense base budgets. Spread out over the 19.8 million barrels of oil consumed daily in the U.S. in 2017, the implicit subsidy for all

petroleum consumers is approximately \$11.25 per barrel of crude oil, or \$0.28 per gallon.¹ Until the U.S. transportation sector is no longer beholden to oil, the country will be vulnerable to oil price volatility and American troops will be put in harm's way to defend access to this commodity.

EVs present one of the greatest opportunities to dramatically reduce our nation's oil dependence. By utilizing electricity to charge rapidly-improving battery technology, we can diversify our transportation sector with a domestic and fundamentally-scalable energy supply for which the prices are relatively stable. In addition, this approach is fundamentally cleaner than petroleum-based fuels for internal combustion engines, especially as the mix of fuels that are used to produce electricity continues to get cleaner. Fewer moving parts means there are lower maintenance costs for EVs, while also allowing local and state governments to address air quality challenges like alleviating non-attainment zones.

Accordingly, SAFE urges you to consider policy measures in the following areas that will help to reduce U.S. oil dependence while advancing EV adoption—which will ultimately serve to enhance U.S. national and economic security:

1. Preparing the grid for the proliferation of electric vehicles;
2. Encouraging the electrification of medium- and heavy-duty electric vehicles; and
3. Preserving strong fuel efficiency standards.

Preparing the Electric Grid for EVs

While the shift to transportation electrification will enhance our energy security through fuel diversification, it likely also will increase our reliance on the electric grid, upon which we already rely to power our economy as well as our homeland defense and national security installations. Thus, SAFE recently launched a new initiative, known as the Grid Security Project (GSP), to support more cost-effective, market-based solutions to simultaneously benefit consumers and defend our nation.

GSP is helping to ensure that the grid is secure, reliable, and resilient as transportation electrification expands across our society. It is critical that Congress enact federal energy policies that will allow electric transportation options to benefit from the reliability and resilience of the power system without eroding market forces fundamental to the electricity sector.

SAFE has previously expressed its support for H.R. 2741, the *Leading Infrastructure for Tomorrow's America (LIFT America) Act*, which was introduced by Chairman Pallone.² SAFE appreciates the Subcommittee and full Committee's leadership on the LIFT Act, which will help to strengthen America's energy security in the coming decades through: grid modernization, resilience, and security; transportation electrification; and electric transmission.

Accordingly, SAFE wishes to reiterate its support for the following provisions that address EV procurement and infrastructure, and provide recommendations for strengthening them:

¹ SAFE: "The Military Cost of Defending Global Oil Supplies," September 2018, <https://secureenergy.org/report/military-cost-defending-global-oil-supplies/>

² SAFE: "Comment Submission by Securing America's Future Energy Regarding the House Energy & Commerce Committee's Clean Economy Agenda," September 2019, http://secureenergy.org/wp-content/uploads/2019/10/SAFE_Response_EC_Committee_Request-091319-1.pdf

Section 32502 – Reauthorization of Clean School Buses Program

SAFE strongly supports this provision. Electric vehicle technology is well-suited for school buses in many areas. Every diesel bus purchased today will be on our roads for 12 to 15 years, which commits our school districts and communities to years of highly-volatile fuel costs and other emissions.

We want to highlight the need for technical assistance to be provided for the charging infrastructure that supports buses and other medium- and heavy-duty vehicles. In the course of procuring vehicles, entities should be prepared to install concurrently the infrastructure that is necessary for their deployment.

Section 33304 – Technical Assistance and Grant Program; and Section 34305 – State Transportation Electrification Planning Grants

SAFE supports these provisions and, particularly for the latter provision, encourages the Committee to consider having DOE examine the current landscape of different approaches to rate design and managed charging and to share this information with states, as they undergo regulatory or legislative processes regarding rate structures, including with respect to EV charging.

Medium- and Heavy-Duty Vehicle Electrification

While much attention has been paid to the electrification of passenger vehicles in recent years, EV adoption in the freight and logistics sector also holds significant potential for reducing U.S. oil consumption.

Trucks account for approximately 22 percent of U.S. transportation energy usage, even though they represent approximately five percent of vehicles on the road today. Moreover, in noticeable contrast to the light-duty vehicle segment, energy and oil use by medium- and heavy-duty vehicles is forecast to rise, not fall, 8 percent over the next three decades from 2.8 Mbd to approximately 3.0 Mbd in 2050.³ This rise in demand is attributable to an expected increase in the number of medium- and heavy-duty vehicles on U.S. roads, and corresponding increase in total vehicle miles driven.

As you consider opportunities to encourage the adoption of alternative fuels across all modes of transportation, SAFE encourages you to consider additional federal policies that could advance research and development, manufacturing, and commercial adoption of electric vehicles in the medium- and heavy-duty sectors.

In addition, while outside of the jurisdiction of this Committee, SAFE would like to highlight the significant opportunity for Congress to accelerate freight electrification by creating a tax credit that would incentivize the domestic manufacturing and uptake of medium- and heavy-duty EVs. Since its enactment nearly a decade ago, the Plug-In Electric Drive Vehicle Tax Credit (30D) has helped to foster the growth of light-duty EVs in the U.S. As U.S. companies, such as Workhorse and Rivian, seek to compete in a global market for MDEVs that is currently dominated by highly-subsidized Chinese companies, it is essential that Congress enact policies that encourage domestic competitiveness of this nascent industry.

³ SAFE analysis based on data from EIA.

Fuel Efficiency Standards

In August 2018, the National Highway Traffic Safety Administration (NHTSA) and Environmental Protection Agency (EPA) issued a Notice of Proposed Rulemaking (NPRM) to roll back fuel economy standards that were set by NHTSA and EPA in 2012, and maintain the MY 2020 standards through MY 2021-2026. On October 2018, SAFE submitted extensive comments to the NPRM emphasizing that strong fuel economy standards are imperative to economic and national security, and that rolling back the existing standards would run counter to American national interests.⁴

As SAFE highlighted in a previous letter to this Subcommittee on June 20, 2019, strong fuel efficiency standards are a central pillar of the United States' energy security strategy.⁵ In the months since, the Trump administration stated its intention to withdraw California's authority to set its own fuel economy rules under the Clean Air Act. This followed an announcement that California had reached a separate agreement with four automakers—Ford, Volkswagen, Honda, and BMW—that would still maintain strong fuel economy targets.

SAFE continues to advocate for California and the Trump administration to reach a compromise that would implement stable and realistic improvements in fuel economy. Accordingly, we look forward to continuing to work with you, your colleagues, and fellow stakeholders to pursue a resolution that will contribute to strong fuel economy standards that serve as a bulwark against the economic and national security dangers of oil dependence.

Conclusion

As you examine measures to diversify the fuels used in the U.S. transportation sector, we also encourage you to consider the tremendous national and economic security benefits of reducing our oil dependence. The United States must seize the opportunity to disrupt oil's virtual monopoly over the transportation sector—and, in the process, adopt solutions that will enable the movement of American consumers and goods using electricity and vehicles produced by Americans, for Americans.

We would like to thank you for your continued leadership on this critical issue. We look forward to working with you and your colleagues to advance policies that will allow the U.S. transportation sector to thrive in the decades to come.

Thank you,



Robbie Diamond
President and CEO
Securing America's Future Energy

⁴ SAFE: "Fuel Efficiency Standards Should be Modernized to Expand the Use of Advanced Fuels, Promote Driverless Technologies, and Strengthen U.S. Energy Security," October 2018, <http://secureenergy.org/wp-content/uploads/2018/10/Securing-Americas-Future-Energy-Comments-on-EPA-HQ-OAR-2018-0283-0756.pdf>

⁵ SAFE, "Letter for the Record for House Energy & Commerce Fuel Economy Hearing," June 2019, <http://secureenergy.org/wp-content/uploads/2019/06/SAFE-Letter-for-the-Record-Fuel-Economy-House-EC-6-20-19.pdf>