NACS

SIGMA
AMERICA'S LEADING FUEL MARKETERS

NATSO
REPRESENTING AMERICA'S TRAVEL PLAZAS AND TRUCKSTOPS

September 11, 2021

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

The Honorable Cathy McMorris Rodgers
Ranking Member
Committee on Energy & Commerce
2322 Rayburn House Office Building
Washington, DC 20515

RE: Making Effective Incentives for Infrastructure to Reduce Carbon from Transportation

Dear Chairman Pallone and Ranking Member McMorris Rodgers:

The undersigned associations, representing the retail fuel industry and more than 90 percent of retail motor fuels sales in the United States, work with entrepreneurs who are making investments everyday to reduce carbon emissions in the transportation sector.[1] Our industry knows that reducing carbon must be a major priority for the future of the nation.

In order to do that, however, federal policy should focus on creating incentives for the private sector to invest in alternatives that move us toward our goal. That will make the goal of decarbonization possible, because public money alone won't be enough to make major transitions to the transportation sector. It will also make consumers more comfortable migrating toward electric vehicles, because the refueling experience would be characterized by speed, convenience, robust price competition and innovations in service.

With that in mind, we are pleased to see that the Committee's draft reconciliation legislation would focus resources on technologies including electric vehicle charging infrastructure and hydrogen fueling. We also support provisions that allow for robust private sector participation in grant programs to invest in these fuels. But, there are provisions of the legislation that should be changed to avoid discouraging private investment and ultimately making the legislation counterproductive.

First, the Committee should make changes to the Electric Vehicle Supply Equipment Rebate Program that is part of the draft bill. The basic structure of this program is beneficial and the set asides for low-income, disadvantaged and rural communities are important – our members have a strong presence in these communities,

[1] The National Association of Convenience Stores (NACS) is an international trade association representing the convenience industry with more than 1,500 retail and another 1,500 supplier companies as members, the majority of whom are based in the United States. The National Association of Truck Stop Operators (NATSO) currently represents more than 4,000 travel plazas and truck stops nationwide, comprised of both national chains and small, independent locations. The Society of Independent Gasoline Marketers of America (SIGMA) represents a diverse membership of approximately 260 independent chain retailers and marketers of motor fuel. Our industry employed approximately 2.34 million workers and generated more than $548.2 billion in total sales in 2020, representing nearly 3 percent of U.S. gross domestic product. In fact, the industry processes more than 160 million transactions every single day. That means about half of the U.S. population visits our members on a daily basis. In fact, ninety-three percent of Americans live within 10 minutes of one of our locations. The average time a customer spends in one of our stores is about three and one-half minutes and the industry is focused on ensuring that the customer's needs are met as efficiently as possible – saving them time and money.

take pride in serving them, and are actively seeking a business case to bring EV charging stations to those communities. The current language of the bill, however, allows investor owned utilities to take federal rebate dollars to pay for costs that have already been paid for by individual consumers and businesses in the form of higher electricity bills. That double-dipping whereby these utilities gets their costs paid for twice wastes important federal funds and undermines any semblance of a competitive playing field because private businesses must pay their own capital costs and cannot double-dip. It would result in utilities owning and operating charging stations and placing them in locations that are not convenient for consumers to refuel. It is already going to be challenging to prompt low-income Americans to transition to more expensive electric vehicles; making the refueling experience less attractive than it is today would only exacerbate these headwinds. We urge changes to that language so that the priority is to give rebates to projects in which capital is put at risk rather than ones that would lead to double-dipping.

We also strongly urge the Committee to remove the cap of 40 percent of the funds in the program to go toward DC fast chargers and hydrogen fueling. Until consumers see fast chargers (or hydrogen fueling) at the fueling stops they frequent today, many of them will not be comfortable buying these types of vehicles. We need more of this infrastructure and setting a hard cap on the most expensive infrastructure will not do what is needed. The legislation should not tie the hands of the Administration with a hard cap limiting this key infrastructure; the agency is well-suited to ensure that no single type of technology takes up too much of the funding without this inflexible limit.

Second, the Electric Vehicle Charging Equity Program included in the draft bill also sets its sights on important goals. As noted, our members have a strong presence in the communities that are the focus of this program. Currently, however, the language does not allow private businesses to receive funds from the program to serve these communities unless those businesses are locally owned small and disadvantaged businesses. We have no problem with those businesses having preferences in the program, but they should not be the only type of private businesses eligible for funding. That is particularly true because utilities are all made eligible for this funding regardless of whether they are small and disadvantaged businesses.

The utility eligibility is particularly troubling because it does not protect against the double-dipping, whereby utilities raise electric bills for all ratepayers (regardless of income) while also receiving federal subsidies. Indeed, under this legislation utilities could raise electricity bills in the communities to be served by this program, get the same costs paid for a second time through this program and hurt rather than help local residents – all while making it harder for private dollars to be invested in these communities and making an electric vehicle purchase less attractive to those constituents. To avoid these problems, the eligible entities for this program should be changed to allow private businesses to participate, while maintaining a priority for small and disadvantaged businesses, and prohibit double-dipping of ratepayer and federal funds by utilities.

And, the definition of publicly accessible in the program should be changed to ensure that any business open to members of the public is deemed publicly accessible and eligible for the program. If that is not changed, then many small and disadvantaged businesses will also be ineligible for the program. This would also make that requirement consistent with the language in the Electric Vehicle Supply Equipment Rebate Program.

Third, the State Energy Transportation Plans contemplated in the draft legislation should be changed to ensure that states work with rather than displace the private sector in providing technologies to reduce carbon. If states deploy this infrastructure on their own without the private sector, that will depress private investment in the infrastructure. State-run chargers and other alternative infrastructure will be less likely to keep pace with the rapid advancements in technology that private businesses will invest in if there is a competitive market.

Fourth, the Transportation Electrification section of the draft bill provides additional funding under the Energy Independence and Security Act. We are grateful that private entities are eligible for this funding. We think it makes the most sense to prioritize applications for publicly accessible charging rather than facilities only accessible to individual consumers, however. Additionally, the bill should avoid double-dipping by including language prioritizing projects that put private capital at risk rather than those using funds from increasing consumer and business electricity bills.

We understand that the Committee is moving forward quickly on this legislation but hope that there will be time to consider these issues and make changes so that the bill will effectively promote alternatives that help to decarbonize the transportation sector. We look forward to working with the Committee to help achieve that goal.

Sincerely,

National Association of Convenience Stores
National Associations of Truckstop Operators
Society of Independent Gasoline Marketers of America

cc: Members of the Committee on Energy & Commerce