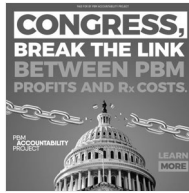


U.S. House Committee on Energy and Commerce

Subcommittee on Environment, Manufacturing, and Critical Materials Markup

[July 12, 2023]

1. An article from Axios entitled, “Unsold electric cars are piling up on dealer lots” July 10, 2023, submitted by Chair Johnson.
2. An article from EnergyWire entitled, “IEA warns of supply risks as critical mineral demand doubles” July 11, 2023, submitted by the Majority.
3. Letter to President Joseph R. Biden regarding U.S EPA proposed rules on heavy-duty and light- and medium- duty vehicle greenhouse gas emission standards from transportation sector stakeholders, July 11, 2023, submitted by the Majority.
4. Letter Chair Rodgers, Ranking Member Pallone, Chair Johnson, and Ranking Member Tonko regarding H.R. 4468, the Choice in Automobile Retail Sales Act, H.R. 1435, the Preserving Choice in Vehicle Purchases Act, and H.R. 4469, the No Fuel Credits for Batteries Act.



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Jul 10, 2023 - Economy & Business

Unsold electric cars are piling up on dealer lots



Joann Muller, author of [Axios What's Next](#)

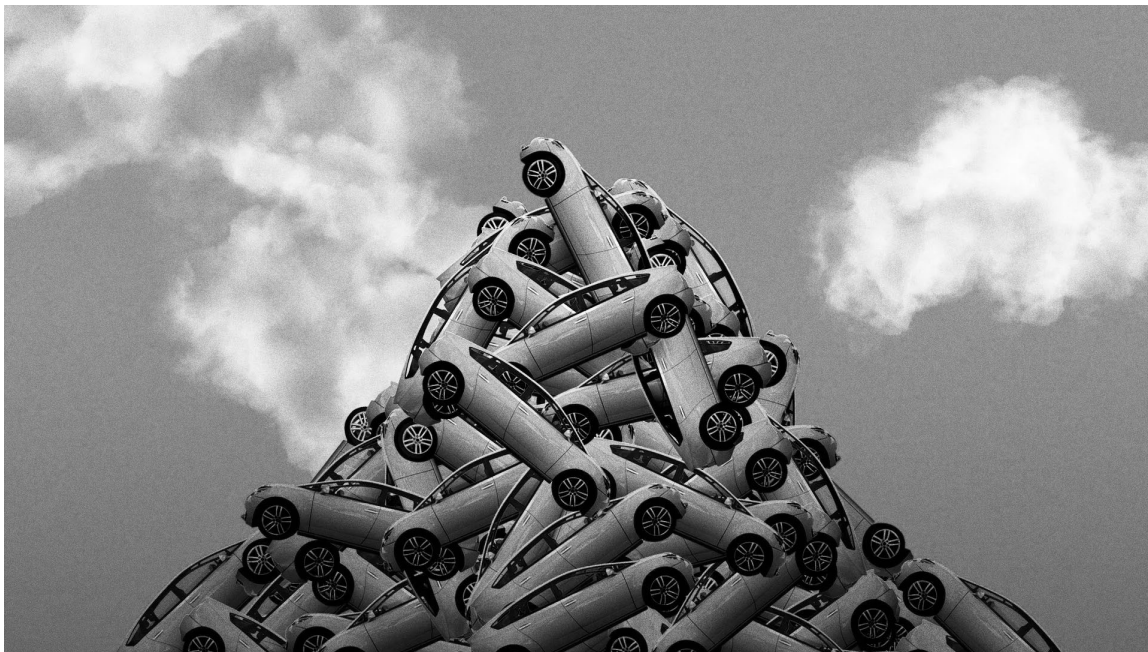


Illustration: Maura Losch/Axios

The auto industry is beginning to crank out more [electric vehicles](#) (EVs) to challenge [Tesla](#), but there's one big problem: not enough buyers.

Why it matters: The growing mismatch between EV supply and demand is a sign that even though consumers are showing more interest in EVs, they're still wary about purchasing one because of price or charging concerns.

- It's a "Field of Dreams" moment for automakers making big bets on electrification — they've built the cars, and now they're waiting for buyers to come, says Jonathan Gregory, senior manager of economic and industry insights at Cox Automotive.

- EV sales, which account for about 6.5% of the U.S. auto market so far this year, are expected to surpass 1 million units for the first time in 2023, Cox forecasts.
- A Cox survey found that 51% of consumers are now considering either a new or used EV, up from 38% in 2021.
- Tesla’s rapid expansion, plus new EVs from other brands, are fueling the interest — 33 new models are arriving this year, and more than 50 new or updated models are coming in 2024, Cox estimates.

Yes, but: Sales aren't keeping up with that increased output.

Details: The nationwide supply of EVs in stock has swelled nearly 350% this year, to more than 92,000 units.

- That's a 92-day supply — roughly three months' worth of EVs, and nearly twice the industry average.
- For comparison, dealers have a relatively low 54 days' worth of gasoline-powered vehicles in inventory as they rebound from pandemic-related supply chain interruptions.
- In normal times, there's usually a 70-day supply.
- Notably, Cox's inventory data doesn't include Tesla, which sells direct to consumers.

Zoom in: Some brands are seeing higher EV inventories than others.

- Genesis, the Korean luxury brand, sold only 18 of its nearly \$82,000 Electrified G80 sedans in the 30 days leading up to June 29, and had 210 in stock nationwide — a 350-day supply, per Cox research.
- Other luxury models, like Audi's Q4 e-tron and Q8 e-tron and the GMC Hummer EV SUV, also have bloated inventories well above 100 days. All come with hefty price tags that make them ineligible for federal tax credits.
- Imported models like the Kia EV6, Hyundai Ioniq 5 and Nissan Ariya are also stacking up — likely because they're not eligible for tax credits either.



A message from Freight Rail Works

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Learn how →

anticipation of stronger third-quarter sales.

The intrigue: Hybrid vehicles have much lower inventory levels, supporting [Toyota's argument](#) that consumers want a stepping stone to fully electric cars.

- There's a relatively tight 44-day supply of hybrids industrywide, according to Cox.
- Toyotas are in particularly short supply — under 30 days each for Prius and RAV4 hybrids and plug-in hybrids.

Of note: Toyota's only fully electric model, the Bz4X, has a 101-day supply.

- While Toyota recently announced a [3-row electric SUV](#) and new battery technology that could [double the range of future EVs](#), it's sticking with a mix of hybrids, plug-in hybrids, and pure EVs for the foreseeable future.

What to watch: [More charging infrastructure](#) is coming, and EV prices should reach parity with gasoline vehicles around 2025, according to Bank of America Securities auto analyst John Murphy.

- Until then, automakers will be left waiting for EV buyers to show up.

Disclaimer: Cox Automotive's parent company, Cox Enterprises, also owns Axios.



IEA warns of supply risks as critical mineral demand doubles

The market for lithium, cobalt and nickel is skyrocketing amid the clean energy transition, but the International Energy Agency says more work is needed to ensure a sustainable supply chain.

BY: **ABBY SHEPHERD** | 07/11/2023 06:50 AM EDT



A container of lithium carbonate is seen in a shipping warehouse in Silver Peak, Nev. The substance is a critical component of electric vehicle batteries. | John Locher/AP Photo

ENERGYWIRE | The demand for key minerals needed for electric vehicles and clean energy projects has doubled in the past five years, raising concerns about supply shortages, according to the International Energy Agency.

The agency's [Critical Minerals Market Review](#) — released Tuesday — reports that global lithium demand tripled from 2017 to 2022, while cobalt demand increased by 70 percent and nickel demand grew 40 percent. The market for those minerals totaled \$320 billion in 2022 and is expected to grow, according to the report.

The IEA is “encouraged by the rapid growth,” IEA Executive Director Fatih Birol said in a statement.

“Even so, major challenges remain,” Birol said. “Much more needs to be done to ensure supply chains for critical minerals are secure and sustainable.”

Investment in mineral development also rose last year, in response to demand, IEA said. Companies specializing in lithium development increased spending by 50 percent in 2022, with overall investment by 20 large mining companies increasing by 30 percent.

The rise in mineral demand and development coincides with the growth in clean energy technology, especially electric vehicle manufacturing. Global battery demand for clean energy use increased by two-thirds in 2022, according to the report.

But the world needs more critical mineral projects by 2030 to meet the Paris Agreement goal of limiting global warming to 1.5 degrees Celsius, IEA said. And while planned projects would be sufficient to support countries' climate pledges, the agency warned that potential project delays pose a risk to the critical mineral supply chain.

These delays are an “enormous challenge,” said Jay Turner, a professor of environmental studies at Wellesley College. Permitting requirements, local opposition and fluctuating markets have obstructed projects in the past, he added.

Much of the world's mineral supply is also produced in relatively few regions. IEA reports that China holds half of the world's planned lithium chemical plants, for example, while Indonesia is home to 90 percent of planned nickel refining facilities.

“China has an outsized role in the supply chain, especially in processing these materials,” Turner said. “In terms of geopolitical stability, economic stability, a more diverse supply chain is an urgent need.”

Greenhouse emissions from mineral production also remain high, illustrating the obstacles to a completely “clean” energy transition, according to the IEA report. More research and information are needed on this front, Turner said.

“If there is better and more transparent information on, say, sourcing nickel from Indonesia versus Canada, it's an incentive for buyers to act on and producers to change their practices,” Turner said.

Business leaders, investors and international representatives will gather Sept. 28 in Paris for a summit on critical minerals, led by the IEA.

 YOUR ACCOUNT MANAGEMENT TEAM

Sohrab Azad
Account Manager, E&E
sazad@eenews.net

July 11, 2023

The Honorable Joseph R. Biden, Jr.
President of the United States
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Re: U.S. EPA Proposed Rules on Heavy-Duty and Light- and Medium-Duty Vehicle Greenhouse Gas Emission Standards

Dear Mr. President:

Our organizations represent diverse businesses throughout the transportation sector that collectively employ millions of Americans. We share the goal of reduced greenhouse gas (GHG) emissions across the broader economy and, specifically, those from energy production, transportation, and use by society. We support federal policies that accomplish these goals and believe it is critical to preserve consumers' access to affordable, reliable, and efficient transportation. We write today to express our concern with EPA's proposed rules "Greenhouse Gas Emissions Standards for Heavy-Duty Vehicles—Phase 3" and "Multi-Pollutant Emissions Standards for Model Years 2027 and Later Light-Duty and Medium-Duty Vehicles."

EPA's proposals inhibit the marketplace from identifying the most efficient, lowest cost opportunities to reduce GHG emissions from vehicles and greatly restrict consumer choice. We are concerned that such a prescriptive policy is not in the best interest of the consumer or of U.S. energy and economic security. According to the EPA, fuel and vehicle technologies have reduced emissions from common pollutants by roughly 99 percent in both light- and heavy-duty vehicles and buses,¹ and CO₂ emissions from light-duty internal combustion engine vehicles (ICEV) have decreased 25 percent since model year 2004.²

According to the U.S. Energy Information Administration (EIA), there are about 272 million ICEVs³ on the road today, and EIA projects over 140 million ICEV sales will occur between 2023 and 2032.⁴ Further, EIA projects there will be about 269 million ICEVs in the fleet in 2050 along with

¹ U.S. EPA, History of Reducing Air Pollution from Transportation in the United States," <https://www.epa.gov/transportation-air-pollution-and-climate-change/history-reducing-air-pollution-transportation>, accessed June 2, 2023.

² U.S. EPA, "Highlights of the Automotive Trends Report," <https://www.epa.gov/automotive-trends/highlights-automotive-trends-report>, accessed June 2, 2023.

³ That is: light-, medium-, and heavy-duty internal combustion engine vehicles (ICEV) including gasoline, diesel, and hybrid electrics (HEV).

⁴ U.S. Energy Information Administration, *Annual Energy Outlook 2023*, Supplemental Tables 38. LDV Sales by Technology Type, 39. LDV Stock by Tech. Type, and 49 Freight Transport Energy Use.

47 million battery electric and plug-in hybrid electric vehicles.⁵ As such, energy and carbon reduction policies should consider opportunities to address emissions from the existing fleet.

We urge EPA to evaluate a broader range of GHG emission reduction options in the light- and medium-duty segment, including using renewable liquid fuels in existing and new ICEV and to explore all opportunities for market-based solutions. A diversified portfolio of vehicle and fuel technologies that meets the multitude of transportation needs of Americans and makes meaningful GHG reductions can be achieved while also allowing new zero-emission vehicle (ZEV), and specifically battery electric vehicle (BEV), technologies to advance. Improved crop yield, innovative biofuel and refined product processing, and manufacturing efficiency tied with carbon capture each represent promising advancements for current liquid and gaseous fuels to continue to accelerate emissions reductions.

The heavy-duty proposed regulation is non-traditional in terms of reducing GHG emission stringencies through driving the penetration of ZEVs into the marketplace. EPA's approach does not consider that GHG emission reductions can also be achieved by accelerating the turnover of existing fleets to advanced diesel technology and using more renewable and alternative fuels. These approaches could deliver substantially more GHG emission reductions sooner and at significantly lower cost than the proposed rule. They can also help to reduce emissions from city buses, tractor-trailers, delivery trucks, and other vehicles critical to our economy while heavy-duty ZEV infrastructure and vehicles envisioned by the proposal are being developed, tested, and eventually deployed.

Pursuing a broader range of emissions-reducing transportation pathways can also help guard against an over-reliance on foreign adversaries and volatile global supply chains associated with critical minerals that are necessary for rapid expansion of electric vehicle markets.

Our organizations have worked with EPA on numerous regulatory programs to successfully reduce emissions across the transportation sector. We urge your Administration to reconsider these proposals from EPA to better allow for emissions reductions from a myriad of vehicle and fuels technologies and strategies to be realized while meeting Americans' transportation needs. We stand ready to work with your Administration to improve these rules.

Sincerely,

⁵ Ibid.

Agricultural Retailers Association
Alaska Fuel Storage and Handlers Alliance
American Exploration & Production Council
American Farm Bureau Federation
American Fuel & Petrochemical Manufacturers
American Highway Users Alliance
American Petroleum Institute
API Colorado
API Gulf Coast Region
API Illinois
API Midwest Region
API Northeast Region
API Ohio
API Pennsylvania
API Southeast Region
Arizona Petroleum Marketers Association
Arkansas Chamber of Commerce
Arkansas Independent Producers and Royalty Owners
Arkansas Oil Marketers Association, Inc.
Associated Industries of Florida
Associated Pennsylvania Constructors
Business and Industry Association of New Hampshire
Clean Fuels Alliance America
Colorado Oil & Gas Association
Colorado Petroleum Marketers & Convenience Store Association
Connecticut Energy Marketers Association
Connecticut Farm Bureau Association
Empire State Energy Association, Inc.
Energy Marketers Association of Rhode Island
Energy Marketers of America
Florida Independent Petroleum Producers Association
Florida Petroleum Marketers Association, Inc.
Florida State Hispanic Chamber of Commerce
Florida Trucking Association
Fuel Merchants Association of New Jersey
Fuel True: Independent Energy and Convenience of Kansas
Fueling Minnesota
FUEllowa
Georgia Oilmen's Association
Grow America's Infrastructure Now (GAIN)
Growth Energy
Hawaii Energy Marketers Association
Idaho Petroleum Marketers and Convenience Store Association

Illinois Manufacturers' Association
Illinois Fuel & Retail Association
Indiana Food & Fuel Association
James Madison Institute
Kentucky Petroleum Marketers Association
Liquid Energy Pipeline Association
Louisiana Association of Business and Industry
Louisiana Mid-Continent Oil & Gas Association
Louisiana Oil & Gas Association
Louisiana Oil Marketers and Convenience Store Association
Maine Energy Marketers Association
Maine State Chamber of Commerce
Maryland Chamber of Commerce
Michigan Petroleum Association / Michigan Association of Convenience Stores
Mid-Atlantic Petroleum Distributors' Association
Mississippi Petroleum Marketers & Convenience Stores Association
Missouri Petroleum & Convenience Association
Montana Petroleum Marketers & Convenience Store Association
National Association of Convenience Stores
NATSO, Representing America's Travel Plazas and Truck Stops
National Corn Growers Association
Nebraska Petroleum Marketers & Convenience Store Association
Nevada Petroleum Marketers & Convenience Store Association
New England Convenience Store & Energy Marketers Association
New Jersey Business & Industry Association
New Jersey Gasoline, C-Store, Automotive Association
New Jersey State Chamber of Commerce
New Mexico Petroleum Marketers Association
NGVAmerica
North Carolina Petroleum & Convenience Marketers
North Dakota Petroleum Marketers Association
Ohio Chamber of Commerce
Ohio Energy & Convenience Association
Ohio Oil & Gas Association
Oklahoma Petroleum Marketers & Convenience Store Association
Oregon Fuels Association
Pennsylvania Chamber of Business and Industry
Pennsylvania Farm Bureau
Pennsylvania Food Merchants Association
Pennsylvania Grade Crude Oil Coalition
Pennsylvania Independent Oil and Gas Association
Pennsylvania Independent Petroleum Producers
Pennsylvania Manufacturers' Association

Pennsylvania Motor Truck Association
Pennsylvania Petroleum Association
Petroleum & Convenience Marketers of Alabama
Renewable Fuels Association
SIGMA: America's Leading Fuel Marketers
South Carolina Convenience & Petroleum Marketers Association
South Dakota Petroleum & Propane Marketers Association
Specialty Equipment Market Association
Tennessee Fuel and Convenience Store Association
Texas Food & Fuel Association
Truck Renting and Leasing Association
U.S. Chamber of Commerce
Utah Petroleum Marketers & Retailers Association
Utility & Transportation Contractors Association of New Jersey
Vermont Fuel Dealers Association
Virginia Petroleum & Convenience Marketers Association
Washington Independent Energy Distributors
West Virginia Chamber of Commerce
West Virginia Manufacturers Association
West Virginia Oil Marketers & Grocers Association
Western Energy Alliance
Western Petroleum Marketers Association
Western States Petroleum Association
Wisconsin Fuel and Retail Association
Wyoming Petroleum Marketers and Convenience Store Association

CC: EPA Administrator, Michael Regan

Speaker of the House, Kevin McCarthy

House Minority Leader, Hakeem Jefferies

Senate Majority Leader, Chuck Schumer

Senate Minority Leader, Mitch McConnell

July 11, 2023

The Honorable Cathy McMorris Rodgers
Chair
House Energy and Commerce Committee

The Honorable Frank Pallone
Ranking Member
House Energy and Commerce Committee

The Honorable Bill Johnson
Chair
Environment, Manufacturing, and Critical Materials
Subcommittee

The Honorable Paul Tonko
Ranking Member
Environment, Manufacturing, and Critical Materials
Subcommittee

RE: Subcommittee on Environment, Manufacturing, and Critical Materials markup of H.R. 4468, the "Choice in Automobile Retail Sales (CARS) Act, H.R. 1435, the "Preserving Choice in Vehicle Purchases Act," and H.R. 4469, the "No Fuel Credits for Batteries Act"

Chair McMorris Rodgers, Chair Johnson, Ranking Member Pallone, and Ranking Member Tonko-

The Union of Concerned Scientists is science-based nonprofit working for a healthy environment and a safer world. On behalf of our more than half-million supporters, we write in strong opposition to the following bills, which will be discussed at the July 12, 2023 subcommittee markup:

- [H.R. 1435](#), The Preserving Choice in Vehicle Purchases Act (Rep. John Joyce)
- [H.R. 4468](#), The Choice in Automobile Retail Sales Act of 2023
- [H.R. 4469](#), The No Fuel Credits for Batteries Act of 2023

H.R. 1435, The Preserving Choice in Vehicle Purchases Act, aims to “amend the Clean Air Act to prevent the elimination of the sale of internal combustion engines” by restricting the ability for states to set emissions standards as currently allowed under the Act. H.R. 4468, The Choice in Automobile Retail Sales Act of 2023, aims to prohibit the Environmental Protection Agency (EPA) “from finalizing, implementing, or enforcing” the Multi-Pollutant Emissions Standards for Model Years 2027 and Later Light-Duty and Medium-Duty Vehicles, the comment period of which just ended on July 5, 2023.

These bills represent blatant attacks on the Clean Air Act, California’s longstanding authority to enact clean air and climate programs to address its compelling need to reduce air pollution, and EPA’s longstanding authority to set vehicle standards to protect public health and the environment.

Rather than recognize the twin crises of unmitigated climate changeⁱ and public health impacts from transportation pollutionⁱⁱ and the transition to zero-emission vehicles

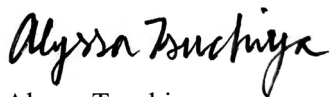
underwayⁱⁱⁱ these bills aim to stem the tide of progress towards clean air and a healthy future. We need to move forward, not backwards. These bills should be rejected outright.

H.R. 4469, The No Fuel Credits for Batteries Act of 2023, prohibits EPA from authorizing the use the credits generated by electricity for RFS compliance, also known as the eRINs (electric renewable identification numbers) pathway. The eRINs pathway does not make any new fuels eligible for the RFS, and certainly does not credit batteries. It simply allows for a wider range of vehicles to use existing qualified biomethane, which has been an approved RFS fuel pathway for many years.^{iv} Only a small portion of vehicles run on compressed natural gas, and this technology is increasingly being passed over in favor of electricity in applications like buses where compressed natural gas has found a small niche.

Instead of cutting off pathways for existing fuels, the right fix to the RFS to address the problems with the eRINs pathway would be to update the definition of renewable fuel covered by the RFS to include wind and solar electricity. Renewable electricity is clearly the right fuel for the future of clean transportation, and a smart reform to our nations fuels policies would be to expand the playing field rather than narrowing it.

All three of these bills seem aimed at trying to legislate away technological innovation. Clearly electricity and zero emission vehicles are going to be an increasingly important part the transportation system. Legislators should be forward thinking and take advantages of the opportunities of tomorrow rather than trying to erect barriers.

Sincerely,



Alyssa Tsuchiya
Senior Washington Representative
Clean Transportation Program
Union of Concerned Scientists

ⁱ <https://www.ipcc.ch/assessment-report/ar6/>

ⁱⁱ <https://blog.ucsusa.org/dave-reichmuth/air-pollution-from-cars-trucks-and-buses-in-the-u-s-everyone-is-exposed-but-the-burdens-are-not-equally-shared/>

ⁱⁱⁱ <https://about.bnef.com/electric-vehicle-outlook/>

^{iv} <https://www.epa.gov/renewable-fuel-standard-program/approved-pathways-renewable-fuel>