

The Honorable Frank Pallone
2125 Rayburn HOB
Washington, DC 20515

The Honorable Greg Walden
2125 Rayburn HOB
Washington, DC 20515

May 21, 2019

Dear Chairman Pallone and Ranking Member Walden,

The undersigned organizations write to express concerns regarding the Leading Infrastructure for Tomorrow's (LIFT) America Act (H.R.2741). Specifically, the Associations oppose Section 34304, which advocates for saddling low-income electricity ratepayers with the costs of electric vehicle (EV) charging infrastructure. We understand the need to develop EV charging infrastructure. In fact, our Associations' members are working to invest in that infrastructure and have been doing so for some time. But funding that development through electricity ratepayers will result in less EV charging infrastructure and will create a regressive funding scheme that is not fair to low-income Americans.

To understand why funding EV charging stations off the rate base won't work, it is important to consider the position public utility companies currently have in the provision of electricity to consumers. Generally, states grant utility companies a monopoly over the provision of electricity in a particular marketplace because it is inefficient for multiple companies to build overlapping infrastructure in order to service the same (immobile) building or home. In exchange for the loss of market freedom, utility companies are guaranteed a rate of return from ratepayers—they can even recover their investment costs if those costs are included in the rate base.

Allowing utility companies to fund EV charging stations off the rate base will simply extend their monopoly to EV charging infrastructure. It will effectively preclude private sector investment because there is no way for the private sector to compete with utility companies that have no capital costs. With a monopoly position, utility companies will be able to charge consumers more for electricity than the market would bear. And, utility companies will never be able to replicate the ubiquity and convenience of the private sector fueling market. More than 100,000 retail locations provide fuel to American consumers every day. For electric charging to reach that type of market coverage, we must have private investment. The funding contemplated by H.R.2741 will prevent that from happening and stunt the development of the EV market.

In addition to higher fueling costs, it is also important to consider the higher electricity costs that will be faced by all ratepayers—many of whom are lower- or middle-income—in order to fund charging infrastructure that will be primarily used by the wealthy who can afford to own EVs. That is not right. Users of EVs should pay to fuel their own vehicles just like users of gas and diesel vehicles do. EVs will stand on shaky ground if they are premised on the foundation of a regressive cross-subsidy for fueling. It is not worth the financial inequities of increasing

electricity rates for all ratepayers to pay for the needs of the few in a non-free market EV fueling environment—particularly when many Americans are already in tough financial straits.¹

We all favor increased electric vehicle charging infrastructure. That is the future and we welcome it. But, for EVs to be successful, we need to do that the right way. Policies should be attracting private investment into EV charging so that we build and foster a dynamic, competitive marketplace for EV fueling. That type of market has served current vehicle owners well and would serve future vehicle owners well.

We welcome the opportunity to work with you toward those goals.

Sincerely,



CC: Cosponsors of H.R.2741

Members of the House Committee on Energy and Commerce

¹ The most recent Residential Energy Consumption Survey from the Energy Information Administration (EIA) found that about 31% of U.S. households face some type of energy insecurity and approximately one in five U.S. households have reduced food or medicine intake to pay for energy costs. See Berry, Chip; Hronis, Carolyn; and Woodward, Maggie. (September 19, 2018). *One in three U.S. households faces a challenge in meeting energy needs*. U.S. Energy Information Administration. Accessed at <https://www.eia.gov/todayinenergy/detail.php?id=37072>.