



Comments by Virginia Petroleum and Convenience Marketers Association
on
Transportation and Climate Initiative
Framework for a Draft Regional Policy Proposal

Virginia Petroleum and Convenience Marketers Association is a statewide trade association founded in 1948 representing approximately 350 companies in the petroleum and convenience marketing industries. The association is guided by a 15-member board of directors, and each board member is a Virginia resident. VPCMA members operate or supply the overwhelming majority of the 3,474 locations in the state that sell gasoline and diesel to consumers. Virginia fueling locations collected and remitted \$856 million in motor fuels taxes to the state last year. The convenience store industry employs 67,560 Virginians. 13,957 additional Virginians are employed in the fuels sector including distribution, transportation and logistics, bulk storage, and home heating oil distributors.

VPCMA is strongly opposed to the “Framework for a Draft Regional Policy Proposal” which seeks to expropriate the petroleum marketing industry. Over time this plan proposes to move from simple rationing and new taxes to the ultimate prohibition of fossil fuels. This plan does not assess the collateral damage it will inflict on state revenue, local tax collections, Virginia’s Transportation Trust fund, consumers, and industry.

Many of the advocates of these policies support regulation to electrify transportation. Those advocates somehow forget to mention that a major component of batteries powering these vehicles is cobalt, 90 percent of which is mined in third world countries under unfavorable working conditions. As the number of electric vehicles grows, petroleum marketers will likely have to battle for a share of the electric vehicle charging market with utility companies that see EV charging as a new business opportunity without cost. When utility companies install charging stations, they may seek the ability to include that cost as part of their capital investment. When these costs are approved by governmental regulatory agencies, they can then be passed on to all ratepayers as part of their monthly electric bills. VPCMA believes this would provide regulated utilities an unfair competitive advantage that Virginia based small businesses simply cannot compete with. Our membership must economically justify and self-fund at risk investments in new equipment like EV charging stations – utilities should be required to do so as well.

Another likely competitor under this scheme is the state government itself. This competition is not conceptual, as just this past session the General Assembly passed legislation to allow the Departments of Conservation and Recreation, General Services, and Transportation to install electric vehicle chargers. Working with Delegate Bulova we were able to narrow House Bill 1934 considerably by limiting the number of state agencies involved and mitigating the threat of

unfair competition by requiring the state to **sell** the power at prevailing market rates including taxes.

All Virginians, particularly the petroleum marketing and convenience industries, support a cleaner environment. There are many ways to achieve this without rationing. Incentivizing the sale of electric vehicles does nothing to meet your stated goals of “equity, environmental justice, and non-discrimination.” As one example, the stated goals could be achieved far faster and cheaper via efforts to assist low-income Virginians to purchase more fuel-efficient vehicles that meet current and future CAFÉ standards.

History has proven that rationing followed by prohibition – the ultimate goal of TCI - has led to black markets, unregulated and untaxed sales, and undue burdens on law enforcement. The impact of these proposals will not be solely on fuel sellers and convenience stores – what about the auto repair industry, muffler shops, service facilities at new car dealers, quick lubes etc.? What about agriculture, construction and watermen who will be forced to scrap present equipment or pay artificially high prices due to rationing? What about the consumer who will experience not only higher prices to operate their personal vehicles, but higher prices for consumer goods and services?

As stated, VPCMA opposes the TCI plan to ration, tax and ultimately eliminate fossil fuels. The process to date has been driven by academics, regulators, and those seeking new business opportunities from these regulatory changes - while bypassing the very industry TCI seeks to expropriate.

For seventy-one years this association has been a part of the solution in addressing some of the most vexing environmental challenges facing our state. Over that time, innovative solutions have ultimately been achieved thru careful deliberation, consensus building, and compromise. That is the Virginia way. We look forward to working with all stakeholders as these important issues are considered in the Commonwealth.