

May 26, 2023

Mr. Kyle Krall
Delaware Natural Resources and Environmental Control
100 W. Water Street, Suite 6A
Dover, DE 19904

RE: Delaware Adoption of Advanced Clean Cars II (ACC II)

Dear Mr. Krall:

On behalf of Consumer Energy Alliance (CEA), I write today to thank the Delaware Natural Resources and Environmental Control (DNREC) for receiving public comments on the Delaware Low Emissions Vehicle Program and adoption of Advanced Clean Cars II (ACC II).

Founded in 2006, CEA is a nonpartisan, nonprofit organization advocating for a balanced energy policy and responsible access to resources. CEA represents virtually every sector of the U.S. economy – from the iron and steel industry to truckers, airlines, agriculture, labor organizations, restaurants, chemical manufacturers, small businesses, and families across the nation – that are concerned about U.S. energy policies, energy security, and long-term price and supply stability. CEA has more than 550,000 individual members and over 375 academic, non-profit, corporate, and union affiliates throughout the United States.

Our members support a rational, all-of-the-above energy policy that utilizes all of our domestic natural resources – both traditional and renewable – while ensuring commonsense environmental protections are in place.

Since our founding, CEA and its members have strongly supported actions that thoughtfully advance our nation towards a cleaner, more environmentally responsible energy future, including emissions reductions that help meet our nation's climate goals. We believe that responsible solutions should always allow for a full slate of available energy options to ensure the needs of consumers are met while leveraging and supporting the development of state-of-the-art technologies to improve our environmental stewardship and aid in the continued reduction of all emissions.

We appreciate Delaware's commitment to reducing greenhouse gas emissions from the transportation sector. However, we are concerned about the ramifications of amending Delaware's Low Emission Vehicle Program to incorporate ACC II. Should this be adopted, this will lead to banning new internal combustion engines (ICE) vehicles, thus limiting consumer options and thwarting environmental progress through innovation, while aggressively mandating the purchase of electric vehicles (EVs) by consumers.

While there are clearly many reasons to pursue EV as a mobility option there are many real-world economic, social, and practical considerations the DNREC should fully review before adopting overly restrictive transportation policies. Consumer impacts — especially the impacts imposed on those with low- and fixed-incomes — need to be front and center in these discussions.

As a practical, real-world policy solution, CEA, therefore, encourages Delaware to pursue both ICE and EV options to more fully meet consumer needs and meet emission reduction targets.

It is important to note the current state of Delaware’s transportation mobility:

- In 2018 49,600 light-duty vehicles were sold in Delaware.¹ Of those vehicles only 345 were EVs (.7%) while 48,034 (96.86%) were powered solely by gasoline or diesel. Electric vehicles “fuel” efficiency is .364 kWh per mile.
- According to data provided by the Federal Highway Administration in 2019 Delaware drivers averaged 12,609 vehicle miles travelled.
- US Department of Energy (USDOE) data shows that in 2021 Delaware registered 796,000 light-duty vehicles powered with internal combustion engines.²

If DNREC adopts ACC II, Delaware will have to add over 220 million kWh of electricity generation every year and over 3.6 billion kWh total to replace only light-duty vehicles. DNREC needs to ask itself from where this generation is going to come?

In addition to increased electric generation capacity, what kind of improvements to electric transmission and distribution infrastructure will be required to serve this increased electricity demand? Who pays for these upgrades — including the electric vehicle charging infrastructure necessary to serve approximately 800,000 EVs reliably and affordably?

DNREC also needs to consider how the state of Delaware will replace approximately \$140 million in fuel tax revenue that would be lost if ICE bans went into effect. Will the state utilize an electricity consumption tax to replace fuel tax revenue, and if so, how will that impact low-income Delawareans?

Regarding the vehicles that will be mandated in Delaware, has DNREC considered affordability of vehicles for low- and middle-income families? The average EV cost \$65,041 in 2022 while the overall average automobile cost only \$48,681, according to Kelly Blue Book data — a \$16,360 upfront price differential. Clearly, new EVs are out of the price range for the average Delaware resident.

Will low- and middle-income families fare better in the used vehicle market?

¹ <https://www.autosinnovate.org/resources/insights/de>

² <https://afdc.energy.gov/vehicle-registration>

A National Automobile Dealers Association study on the cost of ownership estimated that after five years, EVs depreciate \$43,515 in value, while ICE vehicles average only \$27,883 in depreciation. This depreciation almost eliminates any residual value advantage of the higher-priced EVs after only a short period of usage. If EVs become a non-viable option as used cars due to substantial depreciation and cost of battery replacement, used car markets operating under EV mandates will see very constrained supply despite sustained demand, eventually making even used cars too expensive for many working-class families.

As families begin to struggle with access to transportation, how will DNREC address the systemic inequity and energy injustice issues embedded in ACC II?

The initial purchase of an EV is not one that working-class families can often consider. As noted earlier, the price differential between an EV and a comparable ICE vehicle is often greater than \$15,000. And contrary to popular opinion, the cost of EVs have been steadily increasing since 2015. Today, the average EV costs well over \$60,000, a price which can only be considered affordable by the upper quintiles of income earners. This is not an option for the average working-class family.

Beyond the immediate financial disadvantages, the practical use of EVs benefit wealthier users as well. Charging infrastructure is a critical component for EV usage, with access to chargers (and specifically fast chargers) a major consideration in purchasing an EV. Wealthier users are far more likely to live in single family homes where installation of a fast charger costing thousands of dollars is simply a matter of fact. Lower income families who are more likely to reside in apartments or rented properties do not have the option of installing their own personal dedicated fast chargers.

Even the location of charging infrastructure tends to benefit the wealthier, whiter, male demographic that makes up 75% of the individuals who purchase EVs. A recent MIT study on EVs and equity noted³:

“According to Hsu and Fingerma [43], Black and Hispanic neighborhoods only had 0.7 times the access to public chargers as the no-majority reference group in California. They also determined that even when income, proximity to the nearest highway, and multi-family housing were controlled for, White-majority census block groups were 1.5 times more likely to have access to public charging stations compared to Black- and Latino-majority census block groups.”

They also noted that public charging, when available to lower income communities, typically costs more than home charging stating:

“This higher cost would disproportionately affect low-income households who already pay a higher proportion of their income towards transportation.”

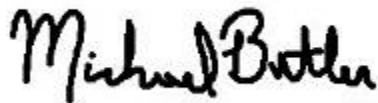
³ <https://sciencepolicyreview.org/2021/08/equity-transition-electric-vehicles/>

By creating disparities in access to the “fuel” through charging network realities this further exacerbates the differences in transportation equity between rich and poor. Combine that with what is sure to be higher electricity prices from the requisite generation, distribution and transmission infrastructure buildout required to meet growing electricity demand as is often the case the poor will just keep getting poorer.

We hope that DNREC will consider and provide concrete answers to the questions posed regarding the infrastructure challenges and the systemic inequity and energy injustice issues embedded in ACC II. After fully considering these issues, we urge DNREC to ensure consumers have a full range of vehicle and energy options, including ICE and EVs.

Thank you again for the opportunity to provide comments on the proposed Delaware adoption of Advanced Clean Cars II.

Sincerely,



Mike Butler
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Consumer Energy Alliance
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