

Outlook for Clean Transportation Policy

Preparing for Energy Independence Summit 2019

Capitol Hill Day

January 31, 2019



Thank You to our Sponsors

EarthX, Nissan North America, UPS

Cummins Westport, Volkswagen Group of America, Audi, United Soybean Board, Renewable Energy Group

National Biodiesel Board, NGV America, Roush CleanTECH, Neste, National Propane Gas Association, Ozinga Brothers, Altec, ICOM, Agility Fuel Solutions

East Bay Clean Cities, Greater New Haven Clean Cities, Virginia Clean Cities, South Shore Clean Cities, Columbia-Willamette Clean Cities, Utah Clean Cities



Transportation Energy Partners

- **Provides policy support** to the nation's Clean Cities Coalitions & our 15,000 stakeholders
- **Keeps coalitions & stakeholders informed** of key policies, programs, & funding opportunities
- **Educates decision makers** about the importance of advancing markets for clean vehicles and fuels



Energy Independence Summit

February 11-13 in Washington DC

Featuring:

- **Administration and Congressional Leaders**
- **Presentations on VW Settlement Investments**
- **Industry Leaders** – Cummins Westport, Nissan, UPS, National Propane Gas Association, Altec, National Biodiesel Board, NGV America, Roush CleanTech and More
- **Roundtables with DOE, EPA, DOT, and USDA**
- **Salute to Clean Cities 25th Anniversary Reception** – Monday February 11
- **Capitol Hill Day Meetings with Congress** – Tuesday February 12
- **UPS Capitol Hill Town House Reception** – Tuesday February 12

Go to: www.transportationenergypartners.org

Federal Clean Transportation Policy

Future Remains Uncertain

- Democrats will lead House and chair committees.
- House to bring back Select Committee on Climate change.
- Bipartisan support in Congress remains strong.
- DC consumed and paralyzed by shutdown.
- Administration likely to continue to propose cuts to Clean Energy Programs.
- Budget negotiations will be tricky.
- Infrastructure legislation could move.

TEP Clean Transportation 2019 Federal Priorities

- Extend Tax Incentives for Alternative Fuels, Vehicles and Infrastructure.
- Preserve the Renewable Fuels Standard.
- Increase Federal Funding for Key Alternative Fuels Programs.
- Encourage FHWA to approve Buy America waivers for alternative fuel vehicle projects.
- Include Alternative Fuels in Any New Infrastructure Initiatives.



Federal Tax Incentives Expired End of 2017

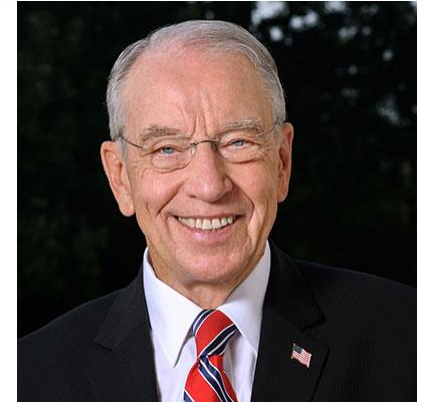
- Excise Credit for LNG, CNG, Propane
- Biodiesel Credit
- 2nd Generation Biofuel Credit
- Alternative Fuel Infrastructure Credit
- Hydrogen / Fuel Cell Credits

Tax Reform Legislation of 2018

- Final bill maintained EV credit.
- Did not include expired alternative fuel incentives.

New Congressional Leadership on Tax Policy in the 116th Congress

- Chuck Grassley (R-IA) new Chair of Senate Finance
- Ron Wyden (D-OR) remains Ranking Member
- Richard Neal (D-MA) assumes Chair of Ways & Means
- Kevin Brady (R-TX) now Ranking Member



Outlook for Tax Extenders

- Final FY 2019 funding negotiations consuming Washington.
- Interest from Senate as well as House Dems in moving extenders.
- Hopeful to have extenders attached to a tax bill -- currently unsure what that may be.

Current EV Tax Credit – 30(d)

- Up to \$7,500 for a qualifying EV, until a manufacturer sells 200,000 EVs.
 - Then credit is halved for 2 quarters, halved again in the next 2 quarters, then eliminated.
- Tesla hit cap at end of Q2 2018, GM hit cap in Q4 2018, Nissan forecast to hit cap in 2020 (maybe sooner).

“Fairness” for Every Driver Act

- Terminates 30(d) (vehicle credit) and places user fee on EV drivers
- Introduced in October by Sen. Barrasso (R-WY)
- Two co-sponsors
 - Sen. Roberts (R-KS)
 - Sen. Enzi (R-WY)
- Not taken up by Senate Finance Committee
- House companion bill sponsored by Rep. Smith (R-MO-8)

Electric CARS Act

- Would extend 30(d) and 30(c) for 10 years, ending in 2028.
 - Unlimited credits for each manufacturer
- Introduced in September by Sens. Merkley (D-OR), Heinrich (D-NM), and Cortez Masto (D-NV)
- House bill -- Reps. Welch (D-VT) and Rosen (D-NV).
- No hearings held yet.

Renewable Fuel Standard

- EPA 2019 rule provided statutorily required growth for advanced biofuels.
 - Added 500 million gallons of overall advanced biofuel.
 - Agency raised 2020 BBD volume by equivalent 330 million gallons.
 - Welcome news after flat-lined volumes since 2016.
- Unresolved issues.
 - Small refinery exemptions (SRE).
 - 500 million gallons from 2016.
 - RIN market reform and E15.
 - RIN/SRE transparency.

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|------------------------|-------|-------|-------|-------|------|
| Cellulosic | 0.230 | 0.311 | 0.288 | 0.418 | |
| Biomass-based Diesel | 1.9 | 2.0 | 2.1 | 2.1 | 2.43 |
| Overall Advanced | 3.61 | 4.28 | 4.29 | 4.92 | |
| Overall Renewable Fuel | 18.11 | 19.28 | 19.29 | 19.92 | |

RFS Reset

- EPA has now triggered the reset provision for all RFS categories with remaining statutory volumes (cellulosic, advanced, and total).
- EPA will need to reset each of those volumes through 2022 based on a “review of the implementation of the program” and an analysis of six statutory factors.
- EPA began work on a proposed rule and meeting with stakeholder groups in summer.
- The proposed reset rule could include the annual rule for 2020 and the BBD volumes for 2021.
 - Will not change the BBD volume for 2020.

| | 2020 | 2021 | 2022 |
|----------------------|------|------|------|
| Cellulosic | 10.5 | 13.5 | 16 |
| Biomass-based Diesel | 2.43 | * | * |
| Advanced | 15 | 18 | 21 |
| Overall | 30 | 33 | 36 |

Congressional RFS Reform

RFS REFORM IN 115TH CONGRESS

- Hearing in House Energy & Commerce Environment Subcommittee, December 2018.
- Discussion draft sponsored by Reps. John Shimkus (R-IL) and Bill Flores (R-TX).
- Proposal:
 - Sunset conventional biofuel (undefined) after 2022;
 - Set annual biomass-based diesel volumes (2023-2032) per prior year RIN volume;
 - Sunset RFS after 2032.

RFS OVERSIGHT IN 116TH CONGRESS?

- Senate Environment & Public Works Committee
 - Chairman: Sen. John Barrasso (R-WY)
 - Transportation Subc. Chair: Sen. Jim Inhofe (R-OK)
 - Allies: Sen. Joni Ernst (R-IA)
Deb Fischer (R-NE)
Jerry Moran, (R-KS)
Mike Rounds (R-SD)
Sheldon Whitehouse (D-RI)
- House Energy & Commerce
 - Chairman: Rep. Frank Pallone (D-NJ)



Continue Educating Administration & Congress: The RFS is Working

- **Energy Security:** Reducing oil dependence by meeting more than 10% of U.S. on-road transportation needs.
- **Economy:** RFS supports hundreds of thousands of jobs nationwide.
- **Environment:** Reducing carbon emissions and other pollution.



TEP Funding Priorities

- Maintain increased funding for Clean Cities program, including funding for competitive grants.
- Maintain increased funding for the EPA Clean Diesel grants.



FY 2019 Appropriations

- DOE spending bill signed into law – includes \$37.8 million for Clean Cities.
- EPA funding not finalized for yet.
 - House bill includes \$100 million for DERA.
 - Senate bill includes \$50 million.



FY 2020 Appropriations

- President to propose budget in February.
- Appropriations subcommittees will consider legislation in April and May.
- House and Senate floor action in summer.
- Final legislation in fall.



Key Appropriations Leaders

- Senate Energy & Water Appropriations Subcommittee
 - Lamar Alexander (R-TN), Chair
 - Dianne Feinstein (D-CA), Ranking Member
- House Energy & Water Appropriations Subcommittee
 - Marcy Kaptur (D-OH), Chair
 - Mike Simpson (R-ID), Ranking Member
- Senate Interior Appropriations Subcommittee
 - Lisa Murkowski (R-AK), Chair
 - Tom Udall (D-NM), Ranking Member
- House Interior Appropriations Subcommittee
 - Betty McCollum (D-MN), Chair
 - Ken Calvert (R-CA), Ranking Member

TEP FY 2020 Appropriations Strategy

- Find out your Members' appropriations request process and deadline (usually late February/early March).
- Follow up with member request form or letter.
- Show coalition stakeholder support.
- Follow up with Congressional offices after you submit request.

Infrastructure Legislation

- Bipartisan interest in a comprehensive infrastructure package.
- TEP and others working on alternative fuel proposals.
- Timing remains unclear.
- Paying for infrastructure remains an issue.

FHWA Buy America Obstacles

- FHWA holding up funding for hundreds of clean vehicle projects while it considers new Buy America policies.
- Working with DOT to solve problem.
- Will likely need to get Congress involved.



Preparing for Capitol Hill Day



Why Is Education of Policy Makers Important?

- **Builds Your Organization:** Increased visibility, more members, more funding.
- **Advances your Policies:** helps you educate policymakers and influence the debate.
- **Builds Long-term Relationships:** Advocacy promotes your organization with key policymakers.



Relationships, Relationships, Relationships

- Relationships are the currency of policymaking in Washington D.C. and across the country.
- Identify ways you can help elected officials.
 - Be a good source of ideas & information.
 - Provide opportunities for visibility & media coverage.
 - Introduce them to key constituencies and community leaders.
- Build relationships with local, state, & national offices.



All Politics is Local

- Educate officials about the value & benefits of clean transportation policies for your area.
 - Provide facts & figures on how clean vehicles & fuels are creating jobs and benefitting the local area.
 - Provide examples of local projects and programs in action.
- Demonstrate broad-based and bi-partisan support for your issue.



Follow Up and Follow Through

- If you don't know, find the answer and get back to them.
- Send thank you notes.
- Stay in Touch: send reports, newsletters, and regular updates to staff.
- Invite elected officials to local events.
- Identify opportunities for media coverage.



Meeting Preparation

- Prepare a “1-Pager” with background on your organization and examples of local projects.
- Use examples of local projects in action.
- Visual displays are extremely helpful.
- Business Cards, Pen, Paper.
- Phones on vibrate or silent.
- Wear comfortable shoes.



Meeting Tips

- **Be Brief and to the Point:** Expect meeting to last 15-30 minutes. Keep presentation short & leave time for questions.
- **Focus Specific Requests for Action:** Elected officials want to know how they can help.
- **Consider the office:** Know the elected official's committees and background and tailor your pitch.
- **Be Factual:** Know the most up-to-date facts about your organization and pertinent issues. Bring a cheat sheet if you need to be precise.
- **Know the Opposition:** There are Pros & Cons to every debate.
- **Be Respectful:** Even if they disagree, you should respect their views. There will be future opportunities to work together.

TEP Assistance for Capitol Hill Day

- Building teams with stakeholders
- Scheduling meetings
- Sample appropriations request letter
- Talking points and hand-outs on federal policies
- Sample local press release



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