

PBF HB 201 Testimony

- I'm Scott Hayes, Midwest GR Director for PBF Energy, which owns 6 oil refineries around the country, including the Toledo Refining Company. We are proud of our facility's 130-year history of bringing high quality, affordable products to the marketplace.
- I'm here to support HB 201, which would prevent Ohio from adopting attempts to literally ban gasoline and diesel-powered vehicles, as is sadly occurring in other states.
- While the federal government is the predominant entity that can set vehicle efficiency standards, there is a carve out in the Clean Air Act that allows California to set its own standards and then allows states to opt into California's requirements.
- Unfortunately, California is now looking to grossly abuse this provision of the law to literally ban the sale of all gasoline and diesel-powered vehicles in 2035; just over 10 years from now. If successful, electric vehicles will be the only cars auto dealers can sell come that date.
- Several states are already trying to "opt in" to California's car ban, despite all auto manufacturers indicating such mandates are unachievable. These mandates are often being advanced with the stroke of a Governor's pen or pursuant to prior laws that automatically adopt any new standard California advances.
- **Simple** adoption of these mandates can have unintended consequences for consumers and the economy; specifically pertaining to traditional fuel supplies and refining jobs.
- Refineries plan out a timeline for major maintenance and capital projects, which entail hundreds of millions of dollars of investment, over the span of up to five years.
- Major turnarounds occur every 1 to 2 years and cost between \$50–250 million, but these projects are planned three to five years in advance.
- Banning traditional vehicles sends a message that refineries are not wanted, which can lead investors to advocate cancelling capital projects and, in some cases, premature asset closures rather than waiting to see if aspirational mandates, coupled with adverse market cycles and supply chain failures, prevent a return on massive expenditures.
 - Such circumstances could similarly threaten biofuel production, because electric vehicles obviously cannot run on ethanol or renewable diesel.
- California's announced EV mandate, coupled with other costly regulations in the state, have been frequently cited for the net loss of over 218,000 barrels per day of fuel supply and more than 1,000 direct job losses, leaving the state short fuel relative to demand, without sufficient electric vehicle penetration to compensate for lost fuel supplies.
- Diminished fuel supplies, coupled with extensive regulatory costs, are why California persistently has the nation's highest fuel prices and is now dependent on foreign gasoline and diesel fuel imports.

- Ohio’s fuel supply and consumers cannot run the risk of these policies proliferating. After all, the average price of an electric vehicle is around \$60,000 in a state in which median household income is \$61,938.
- HB 201 is important to send the opposite policy signal from what is being advanced in California and other states. It prevents any state agency or Administration from trying to limit consumer choice and threaten the state’s energy security by advancing gasoline and diesel-powered vehicle bans.
- In doing so, it will protect consumer choice, jobs and Ohio’s energy security.
- Finally, I’d also like to note the current supply chain for electric vehicles is almost completely reliant on foreign minerals, often mined with child and slave labor, and Chinese manufacturing.
- Current federal incentives can hopefully start to re-shore some elements of these supply chains, but that will not happen in a decade. We have seen the adverse impacts of ceding our energy security to foreign powers and should look to stop policies that will erode American energy security even more extensively.



Question: Why do we need this bill? Ohio has no ambitions to ever embrace California’s policies.

Answer: Power ebbs and flows in politics, and while Ohio may not be considering this today, there is no guarantee a future Administration will try to adopt California’s policies; particularly in a manner that looks to hide such policies from voters. For example, Virginia hid a provision to automatically adopt California’s auto standards in a larger bill during its last Administration and received almost no attention. Polling indicates the policy is widely unpopular in Virginia, but now the state has to go through the process of repealing the law, which is creating a lot of uncertainty. Additionally, some states are trying to do this via regulation that does NOT require legislative approval. Delaware is an example. We can’t afford to have such a situation ever materialize in Ohio.

HB 201 makes it crystal clear that Ohio will carefully consider all future regulations to protect consumer transportation choice, while shielding the state’s fuel supply and refinery workers from uncertainty in the process. I’d also add that in protecting refineries, you will protect the petrochemicals needed to make the physical components of electric vehicles to the extent those vehicles come to the market based on consumer choices, as opposed to mandates.

Question: What is the impact of policies that mandate EVs on the poor in our midst?

Answer:

- Total cost of ownership is significantly higher (average cost of \$60,000 vs \$48,600- this average includes the higher priced EVs) – out of reach for the vulnerable and poor, as well as the middle class in a state in which the Median Household Income is ~\$62,000 and Per Capita Income is ~\$34,500.

- Average payback period for differential cost - 64 years / 39 years with \$7500 tax credit for low/fixed income earners.
- Effects on used car market- depreciation differentials (\$43K vs 27K) and the staggering cost of battery replacement, currently averaging \$15K- will have a negative effect on supply that will disadvantage low/fixed income earners.
- Lower income families are more likely to reside in apartments or rental properties that do not have access to personal dedicated fast chargers. Access to public charging disadvantages black and Hispanic neighborhoods (0.7 factor per Hsu, Fingerma et. al.).
- Average cost of charging in poorer neighborhoods is higher, further penalizing the poor who already pay a higher proportion of their income toward transportation.