



March 12, 2021

The Honorable Ralph Northam  
 Governor  
 Commonwealth of Virginia  
 P.O. Box 1475  
 Richmond, VA 23218

Dear Governor Northam:

The organizations signed to this letter would like to express concerns about the Virginia House and Senate Democrats' plans for an electric-only economy. An electric-only economy will subject all Virginians to one future source of energy for their homes, businesses, and vehicles provided by three electric utilities, 13 electric cooperatives, and 16 municipal electric utilities – all [government regulated monopolies](#) with no competition and limited opportunities for lowering costs to consumers.

[H.B. 1965](#) (D-Bagby) directs the State Air Pollution Control Board to create a regulatory system for the emissions from new motor vehicles and engines by 2025 following the [California combustion engine ban plan and exempts them from public scrutiny](#). [H.B. 2282](#) (D-Sullivan) directs the State Corporation Commission (SCC) to evaluate and recommend how to achieve transportation electrification, charging infrastructure, and battery storage for the electric grid by May 1, 2022 but asks all the wrong questions. [SB1223](#) alters the Virginia Energy Plan to establish net-zero carbon target in the transportation sector by 2045 without any recognition of the limits of technology or impact on economic and national security. [HB 1979](#) (D-Reid) creates a publicly funded \$2,500 - \$4,500 electric vehicle rebate program for \$55,000 electric cars and hides the source of funding. [HB2118](#) (D-Keam) creates a Virginia Electric Vehicle Grant Fund and Program to allow for the replacement of commercial vehicles or heavy equipment that uses fossil fuels with electric vehicles. We are also concerned that the failed [SB1380](#) (D-Lucas) to allow electric utilities to charge ratepayers for 1,250 electric school buses will be added as an amendment to HB2118.

This package builds upon the 2020 [Virginia Clean Economy Act \(HB1526\)](#) that mandates 100% carbon-free power by 2045 for Dominion Energy and 2050 for Appalachian Power specifically. Advocates argued that electricity costs would be reduced due to declining renewable energy generation costs and no fuel requirements. Industry argued that costs would skyrocket by as much as 24% within the next few years. The State Corporation Commission staff's latest assessment provided as testimony on September 29, 2020 was that residential electricity costs will increase by 58%, commercial electricity costs will increase by 66%, and industrial electricity

costs will increase by 61% by 2030<sup>1</sup> for Dominion Energy customers alone.

This year advocates turned their attention to electrifying the transportation sector in the same manner. On party-line votes, they successfully set into motion a multi-year process to follow the [California ban plan](#) that can lead to the end of internal combustion engines and vehicles in Virginia and force the Commonwealth into the [Transportation and Climate Initiative](#). They also delegated this responsibility to an unelected group of seven (7) citizens (Virginia Air Pollution Control Board) that are political appointees and exempted the Board from following the [Virginia Administrative Process Act](#) (VAPA). VAPA is sacrosanct, it gives all stakeholders a voice, and ensures that the unelected State Air Pollution Control Board cannot “cut corners” and supplant reasonable regulations with their political biases – it only takes four people to pass a regulation of this magnitude and that is an inadequate representation of the Commonwealth.

This electric-only economy does not acknowledge that energy storage from battery backup for the electric grid and the conversion of 7.5 million vehicles to electric vehicles will require new hazardous waste sites, new landfills, and new facilities to recycle the toxic materials in the batteries. Less than 2% of batteries are recycled in the US and the average electric car has 550 pounds of batteries.

It has also been widely reported that the primary battery technology, lithium-ion, requires a significant amount of cobalt to manufacture. According to Commonwealth Scientific and Industrial Research Organisation<sup>2</sup>, as much as 50% of the world’s production of cobalt comes from the Democratic Republic of the Congo and is tied to armed conflict, illegal mining, human rights abuses, child labor, and harmful environmental practices. China also supplies an estimated 2/3 of the world’s supply of refined cobalt<sup>3</sup>. In a recent paper released by the OECD<sup>4</sup>, Dr. Mike Holland of the EMRC and Imperial College of London stated in his definitive work on cobalt and the low-carbon economy:

*Significant risks have been identified for cobalt mining in DR Congo, the dominant supplier. The worst impacts often occur to, and are blamed on, artisanal workers who lack basic safety equipment. However, given high levels of child labour, it is clear that there are serious problems in regulation of the sector in the country.*

As we have spent much of this legislative session focused on environmental justice and global climate change issues, exporting the environmental and health hazards created by conflict minerals in batteries to the Congo or China will lead to further losses of life for people that are never afforded environmental justice. One of our local concerns is that these bills are creating another “coal ash-like” environmental crisis by potentially dumping billions of pounds of batteries into landfills across the Commonwealth – we must address the potential toxic hazards to our land and water now, not later.

Beyond the environmental consequences of these new energy policies are the astounding economic consequences and the elimination of future consumer choices. HB 1979 alone will cost Virginians \$245 million over seven years to give rebates and incentives to buy \$55,000 electric vehicles. This will also allow electric utilities to build recharging stations and charge electricity ratepayers the costs plus a guaranteed profit margin without any electric utility bill transparency to the consumer. Perhaps a fairer approach is a rebate program available to all

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<sup>1</sup> SCC, *Prefiled Staff Testimony of SCC Staff re: PUR-2020-00035*, September 29, 2020.

<sup>2</sup> CSIRO, [Lithium battery recycling in Australia](#); April 2018

<sup>3</sup> Financial Times, [Congo, child labour and your electric car](#); July 7, 2019

<sup>4</sup> Dr. Mike Holland, [Reducing the health risks of the copper, rare earth and cobalt industries: The transition to a low-carbon economy](#), OECD; November 26, 2019

Virginians that incentivizes them to trade in their older vehicle for a more fuel-efficient vehicle instead?

We also think that before we follow [California](#), we should know how many jobs will be lost by destroying the automotive manufacturing, distribution, service, and support industries built around the internal combustion engine. According to [VEDP](#), nearly 65,000 people are employed in transportation equipment and machinery manufacturing<sup>5</sup>. Further, there are nearly another 46,000<sup>6</sup> in the service industry supporting these factory workers. We do not even know how many independent auto-repair shop, auto part store, and service station jobs and tax dollars will disappear. These considerations should be incorporated into the [H.B. 2282](#) SCC report requirements.

These bills have also ignored the fact that roads, bridges, and tunnels are all built with taxes on fuel. So, how are these new electric vehicles going to pay for their damage to Virginia's roads? We still do not know if the electric vehicle registration fees are enough to pay for their road maintenance and construction needs. This electric car mandate is literally putting the horse before the cart. During your term in office, Virginia has significantly raised fuel taxes and bonded billions in new road construction projects. Eliminating the fuel that we tax for roads, bridges, and tunnels makes no sense.

Probably the most debated bills in the transportation electrification package were [HB2118](#) (D-Keam) and [SB1380](#) (D-Lucas). The principal opposition to these bills was allowing an electric utility to grant a fleet of 1,250 electric school buses and all charging infrastructure to specifically targeted school districts, use the buses as a battery backup experiment for the electric grid, and charge all electricity ratepayers an estimated \$400,000,000. This provision was struck from HB2118 and SB1380 failed. As such, we do not support any amendments to HB2118 or any other bill that would resurrect SB1380.

Virginians are now trapped in a \$100+ billion gold-plated renewable energy and zero-carbon future where now even automobile choices will be dictated by politicians, their political appointees, and electric utilities. Giving electric utilities even more power and control over our daily lives without any competitors or diversity in fuel choices is a recipe for disaster – we must balance environmental sustainability with the principles of economic security and government transparency.

Our organizations support a sustainable environment and vibrant economy. We also know that a consensus approach to lowering carbon emissions is achievable. However, we reject the radical California ban plan and TCI that are the basis of [H.B. 1965](#), [H.B. 2282](#), [SB1223](#), [HB 1979](#), [HB2118](#), and [SB1380](#). These fringe environmental policies ignore the pollution creation, economic and national security concerns of an electric-only economy, costs to electric ratepayers, and cheaper alternatives to a low-carbon economy. They also delegate the transformation of an entire economy essentially to seven people without compliance with the Virginia Administrative Process Act and try to hide costs from the consumer.

**For these reasons, we ask you to veto these bills and engage the business and economic development communities in consensus building around these issues over the next nine months.**

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<sup>5</sup> VEDP, [Economic Impact of Virginia's Manufacturing Sector](#), 2018

<sup>6</sup> VMA, [VA MFG Economic Impact Portal](#), 2021

Sincerely,

National Federation of Independent Business

Precast Concrete Association of Virginia

Richmond Area Municipal Contractors Association

Thomas Jefferson Institute

Virginia Association for Home Care and Hospice

Virginia Association of Roofing Professionals

Virginia Food Industry Association

Virginia Forest Products Association

Virginia Loggers Association

Virginia Peninsula Chamber of Commerce

Virginia Manufacturers Association