

STATEMENT OF BRIAN P. WYNNE
PRESIDENT, ELECTRIC DRIVE TRANSPORTATION ASSOCIATION
ON
HEARING ON CERTAIN EXPIRING TAX PROVISIONS
SUBMITTED TO
SUBCOMMITTEE ON SELECT REVENUE MEASURES
WAYS AND MEANS COMMITTEE
UNITED STATES HOUSE OF REPRESENTATIVES
WASHINGTON, D.C.
APRIL 26, 2012

The Electric Drive Transportation Association (EDTA) is the cross-industry trade association promoting the advancement of electric drive technology and electrified transportation. Our members represent the entire value chain of electric drive, including vehicle manufacturers, battery and component manufacturers, utilities and energy companies, and smart grid and charging infrastructure developers. Collectively, we are committed to realizing the economic, national security, and environmental benefits of displacing oil with hybrid, plug-in hybrid, battery, and fuel cell electric vehicles.

Since the U.S. imports nearly 50% of the oil used in the transportation sector – at a cost of more than \$1 billion per day – there is a strategic and economic imperative to move toward domestically-generated electricity as an alternative to oil. The need is already clear to families and businesses paying almost \$4 gallon (and in some places more) for gasoline and diesel fuel today. EIA projects barrel prices over \$100 through 2013. The implications for the economy are also clear: every \$10 per barrel increase costs the economy approximately \$75 billion.

The American Energy Innovation Council, a group of U.S. industry leaders working to “foster strong economic growth, create jobs in new industries and re-establish America’s energy leadership” concluded in their 2011 report that federal participation in energy innovation was imperative because “ready access to reliable affordable forms of energy is not only vital for the functioning of the larger economy, it is vital to people’s everyday lives and significantly impacts the country’s national security and environmental well-being.”

Innovation in the transportation sector can be accelerated with targeted, time-limited and performance-based incentives. Specifically, EDTA supports extension of the Section 30C alternative fuel vehicle refueling property credit, which provides 30 percent of the cost (up to \$1000 for residential and \$30,000 for business property) of any property for storing or dispensing alternative fuel. The credit was increased to 50% for the years 2009 and 2010. It was extended through 2011 at the 30% level.

The expiration of the credit in 2011 unfortunately coincides with the widespread commercial introduction of plug-in vehicles. Manufacturers are planning to bring more than 20 plug-in vehicles to market in the next two years. Electric drive vehicles are being introduced into the market place in numerous configurations, including passenger cars, commercial trucks, buses, tractors, and ground support equipment. These vehicles provide substantial fuel savings and reduced emissions while contributing to our energy and economic security. The credit’s

expiration and the uncertainty around renewal is damaging to consumers and businesses planning to invest in plug-in vehicles and charging equipment.

Extension of the credit is also important to the broader effort to provide a variety of alternative fuel vehicles to consumers. The 30C credit is technology neutral and reinforces private investments in natural gas, biofuels and other alternative fuels, as well as in electricity.

Several bills have been introduced in the 112th Congress that would extend and expand the 30C credit, including H.R. 1861, H.R. 1380, H.R. 1685, H.R. 1875 and H.R. 2231. While the bills do not call for identical approaches to extension, they share the position that extension is integral to advancing vehicle and fleet options for consumers and businesses seeking an alternative to paying volatile oil prices. We agree and also support restoring the credit to the prior 50% level to make it a more effective investment incentive at the commercial scale.

EDTA also supports extension and expansion of the Section 30B credit for clean, efficient hybrid and battery electric medium and heavy duty vehicles as called for in the bipartisan bill, H.R. 3374. Trucks in this segment consume more than 52 billion gallons of fuel each year – 26% of all U.S. liquid transportation fuels consumed.

Hybrid and plug-in hybrid technologies increase the vehicles' fuel efficiency by 20 to 50%; fully electric medium and heavy duty vehicles eliminate oil use entirely. This results in significant savings on fuel expenses for large fleets, as well as for small businesses.

While these emerging electric drive trucks have the potential to benefit businesses, consumers and the country, the initial cost of these new technologies is a market hurdle that the 30B incentives can help to reduce. By reducing the barriers to widespread commercialization of advanced vehicles, extension of the 30B credit will help businesses reduce fuel costs, grow U.S. manufacturing of electric drive truck technologies, and reduce U.S. dependence on foreign oil.

As the trade association dedicated to advancing electrification of transportation, we believe that the federal government can play a critical role in accelerating adoption of electric drive vehicles. Promoting private investment in alternative fuel vehicles and refueling infrastructure is an effective tool in helping emerging technologies overcome initial market hurdles. The return on the public investment is a nation that is less dependent on foreign oil, spends its energy dollars domestically and competes effectively in the global market for advanced technologies.

We thank you for your consideration of our views.