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November 1, 2019

To whom it may concern;

For almost 100 years, Richmond based Southern States Cooperative has been supplying Virginia farmers with multiple essential products they need to grow food and fiber for Americans – and fuel is one of the largest categories required to do so. Additionally, Southern States keeps thousands of Virginians warm each year by servicing them with propane and heating oil.

 Southern States also employees over 1000 Virginians – and would like to go on record that we are *strongly opposed* to the "framework for a draft regional policy proposal" which seeks to expropriate the petroleum marketing industry.   Over time, this plan proposes to move Virginia from simple rationing and new taxes to the ultimate prohibition of fossil fuels.

There are a number of specific reasons we are opposed to the Transportation and Climate Initiative:

* This plan does not assess the collateral damage it will inflict on state revenue, local tax collections, Virginia's Transportation Trust fund, and consumers.
* Many of the advocates of these policies support regulation to electrify transportation.  Those advocates somehow forget to mention that a major component of batteries powering these vehicles is cobalt, 90 percent of which is mined in third world countries under unfavorable working conditions.
* As the number of electric vehicles grows, petroleum marketers will likely have to battle for a share of the electric vehicle charging market with utility companies that see EV charging as a new business opportunity without cost. When utility companies install charging stations, they may seek the ability to include that cost as part of their capital investment. When these costs are approved by governmental regulatory agencies, they can then be passed on to all ratepayers as part of their monthly electric bills.
* Southern States believes this would provide regulated utilities an unfair competitive advantage that Virginia based small businesses simply cannot compete with.  We must economically justify and self-fund at risk investments in new equipment like EV charging stations and so should our competition.
* Another likely competitor under this scheme is the state government itself. This is not a concept, as just this past session the General Assembly passed legislation to allow the Departments of Conservation and Recreation, General Services, and Transportation to install electric chargers.  Fortunately, our association was able to narrow this initiative considerably by limiting the number of state agencies involved and mitigating the threat of unfair competition by requiring the state to sell the power at prevailing market rates including taxes.
* All Virginians, particularly the petroleum marketing and convenience industries, support a clean environment.  There are many ways to achieve this without rationing.  Incentivizing the sale of electric vehicles does nothing to meet your stated goals of "equity, environmental justice, and non-discrimination."  As one example, the stated goals could be achieved far faster and cheaper via efforts to assist low-income Virginians to purchase more fuel-efficient vehicles that meet current and future CAFÉ standards.
* History has proven that rationing followed by prohibition - the ultimate goal of TCI - has led to black markets, unregulated and untaxed sales, and undue burdens on law enforcement.
* The impact of these proposals will not be solely on fuel sellers and convenience stores - what about the auto repair industry, muffler shops, service facilities at new car dealers, quick lubes etc.?  What about agriculture, construction and watermen who will be forced to scrap present equipment or pay artificially high prices due to rationing?  What about the consumer who will experience not only higher prices to operate their personal vehicles, but higher prices for consumer goods and services?

I hope this letter makes it clear that Southern States opposes the TCI plan to ration, tax and ultimately eliminate fossil fuels.

Sincerely,

Steve Patterson

Senior Vice President, Marketing and Government Affairs

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