

Automakers embrace electric vehicles. But what about buyers?

By Tom Krisher and David McHugh, Associated Press
The Bakersfield Californian, Monday, March 15, 2021

DETROIT (AP) — The world's major automakers have made something abundantly clear: They believe electric vehicles will dominate their industry in the years ahead.

Yet for that to happen, they'll need to sell the idea to people like Steve Bock.

When Bock recently replaced his family's 2013 Honda Pilot SUV, he considered — and then dismissed — the idea of buying an electric vehicle. An EV with enough room to carry his two dogs would cost too much, he decided. And he'd worry about driving long distances with too few charging stations.

"I would consider it if the prices would come down," Bock said, though leaving open the possibility of buying an electric vehicle next time.

Instead, Bock, of suburban Raleigh, North Carolina, settled on a Subaru Outback. Like nearly every other vehicle sold in the United States, it runs on gasoline.

Opinion polls show that a substantial majority of Americans are aligned with Bock. An EV might be on their shopping list if it cost less, if more charging stations existed and if a wider variety of models were available. In other words, the time isn't right.

It all adds up to a significant risk for the largest automakers. Most of them are staking their futures on the notion that consumers will soon be ready to buy vehicles that run not on the internal combustion engines that have powered cars and trucks for more than a century but on electricity stored in a battery pack.

General Motors, Ford and Volkswagen plan to spend a combined \$77 billion developing global electric vehicles over the next five years, with models from pickup trucks to small SUVs. GM has gone so far as to announce a goal of ending gasoline- and diesel-fueled passenger vehicles entirely by 2035 — and to become carbon-neutral by 2040.

For the automakers, the risk is as hazardous as it is simple: What if American consumers reject electric vehicles for many years to come?

Companies would have no choice but to discount them and hope, in the meantime, that their profits from gas vehicles would still cover their costs — at least until large proportions of buyers gravitated toward EVs.

If they don't, the financial blow could be heavy. For now, EVs make up less than 2% of U.S. new-vehicle sales and about 3% worldwide.

"It's still a sector that doesn't have a mass appeal to the entire population," said Jeff Schuster, president of global vehicle forecasting for LMC Automotive, a consulting firm. "It could be a financial drain if consumers do not buy at the same level."

Yet in contrast to the United States, sales of EVs have taken off in Europe and China, largely because of much more far-reaching pollution regulations and government incentives. Those tighter environmental regulations are forcing the industry to sell more electric vehicles.

In Europe, carmakers unveiled a slew of new electric models ahead of lower EU limits on average emissions of carbon dioxide, the primary greenhouse gas blamed for climate change, that took full effect at the start of this year. Government-backed incentives can cut the cost to near that of an internal combustion vehicle.

The result: Nearly 730,000 battery vehicles were sold in Europe in 2020 — more than 300,000 of them in the final three months of the year. The market share of EVs jumped from 3% to 10%.

Among the new owners is Kerstin Griese of Essen, Germany, who bought a battery-powered Peugeot 208 after having driven electric cars in the motor pool at work. Griese found that they supplied the acceleration necessary to merge safely onto the highway for her 40 kilometer (25 mile) commute to the public works department in the town of Solingen.

"I said to myself, when they cost around 30,000 euros (\$36,263) and have more than 300 kilometers of range, and when the incentives are set high, then I'm there. And that happened last year."

After a government subsidy of 6,000 euros and the carmaker's 3,000 euro share, her new car will cost around 24,000 euros (\$29,000). The car can use fast-charging stations along highways, where she can recharge in a half hour when she takes longer trips, such as shopping excursions to the neighboring Netherlands, about 65 kilometers (40 miles) away.

"I found that very appealing," she said.

In China, which accounts for about 40% of global EV sales, purchases have accelerated because of limits on the number of internal combustion cars that can be registered in six major cities, said Arndt Ellinghorst, an analyst at the research firm Sanford C. Bernstein.

Automakers, including startups Lucid, Bollinger, Rivian and Workhorse, plan to introduce 22 new EV models in the U.S. this year after having rolled out six last year, according to LMC.

Tighter regulations — and, perhaps with it, higher sales of EVs — might be coming to the United States, too, if the Biden administration succeeds in its promotion of electric vehicles as part of a broad plan to fight climate change.

Still, it could prove an uphill battle. Only 260,000 fully electric vehicles were sold last year in the United States. That's out of a total new-vehicle market of 14.6 million. In fact, Americans are still spurning cars, in general, in favor of less-fuel-efficient trucks and SUVs.

Two polls late last year offered a glimpse of Americans' appetite for electric vehicles. One, by Consumer Reports, showed that only 4% of adults with a driver's license planned to acquire an EV the next time they buy a vehicle. An additional 27% said they would consider one. About 40% express some interest — but not for their next purchase. About 29% don't want an EV at all.

Likewise, when J.D. Power surveyed people who intend to buy or lease a new vehicle in the next 18 months, only about 20% said they were likely to buy an EV. Roughly 21% were unlikely. The rest were undecided.

"For every new-vehicle shopper seriously considering (battery electric vehicles), there's another at the opposite end of the spectrum," said Stewart Stropp, senior director of automotive retail at J.D. Power.

For one thing, Stropp said, most buyers are unfamiliar with electric vehicles and haven't ridden in one. Those who have, though, are roughly three times as likely to consider them, he said. People want as many chargers as gas stations, Stropp said, but don't seem to realize that most charging can be done at home.

The task of breaking down the American public's hesitance to invest in a fully electric vehicle could prove problematic. And the automakers clearly recognize it. Last year, General Motors planned a major public campaign featuring test drives and engineers to answer customer questions at events around the country. The viral pandemic, though, forced it to scrap the plan.

GM is making experts available virtually this summer as it starts selling a Chevrolet Bolt small electric SUV for just under \$34,000, its first electric entry into the most popular segment of the U.S. market. But Tony Johnson, marketing director for Chevy electric vehicles, acknowledges that there's no substitute for "putting seats in seats."

Johnson notes optimistically that surveys done for GM show that the number of people who would consider an EV is far higher than it was five years ago. GM is keeping the price of the revamped Bolt hatchback to under \$32,000, he said, and is offering free home charging stations.

Schuster foresees U.S. sales rising this year to 359,000, taking off in 2022 and reaching over 1 million the next year. By 2030, LMC predicts U.S. sales of over 4 million EVs. Yet even that would represent only one-quarter of the overall market.

Still, encouraging signs emerged in February, when EV sales rose 55% from a year ago to 18,969, according to [Edmunds.com](https://www.edmunds.com). Helping boost sales, Schuster said, was the variety of models, plus added incentives and the expectation of stricter pollution limits from the Biden administration. Biden favors

expanding a tax credit for buying EVs and has pledged to help build 500,000 more charging stations and increase fuel economy requirements.

Currently, a \$7,500 federal tax credit is phased out after an automaker hits 200,000 EV sales. GM and Tesla have both exceeded that level, and Nissan is close. A bill from Democrats would raise the cap to 600,000.

The market will tip toward EVs, Schuster predicts, when all these forces line up.

"There are more choices, competitive pressure," he said. "A new generation of technology will drive prices down. We're getting there."

Auto industry urges emissions deal weaker than Obama's

By Hope Yen and Tom Krisher, Associated Press

The Business Journal, Sacramento Bee and other papers, Friday, March 12, 2021

(AP) — A coalition of automakers has told the Biden administration it would agree to raise mileage standards to reduce tailpipe emissions but with tradeoffs and at rates lower than those brokered by California with five other car manufacturers.

If agreed to, the proposal could give President Joe Biden a quick win by securing cuts in greenhouse gas emissions rather than waiting months, if not years, to legally undo a giant rollback approved when Donald Trump was president.

But environmental groups say the proposal doesn't go far enough to ward off the damaging effects of climate change and automakers are rejecting tougher Obama-era standards that they have the technology to meet.

It also could result in two different sets of standards, one for California and the states that follow its rules, and another for the rest of the country. This could drive up vehicle prices.

Asked Friday about the proposal, the White House said discussions with the auto industry on a fuel emissions standard were still early. It declined to comment on whether the administration would accept an agreement that falls below the California deal or Obama-era standards, stressing that tough requirements would be needed to get popular and less-efficient SUVs off the road.

Under the plan, automakers would agree to stricter standards in exchange for a "multiplier" that would give them additional credit toward meeting the standards if they sell more electric vehicles, three people with knowledge of the talks said. The deal would incentivize automakers to get more electric vehicles on the road, thereby reducing pollution, said the people, who spoke to The Associated Press on condition of anonymity to reveal internal negotiations.

The proposal would raise mileage and reduce greenhouse gas emissions at a rate between Trump's rollback and standards brokered by California in a 2019 agreement with five automakers — Ford, Honda, BMW, Volkswagen and Volvo — that is now followed by 13 states.

Most other automakers, including General Motors, Toyota and Fiat Chrysler (now Stellantis) backed Trump's rollback. They're among the automakers putting forward the new proposal. The companies had no official comment.

The Trump rollback increased mileage requirements by 1.5% per year from the 2021 through 2026 model years. The California deal has 3.7% annual increases, while the Obama standards were about 5% annually.

Under the Obama-era standards, automakers got double credit for fully electric vehicles toward meeting their fuel economy and pollution requirements. That "multiplier" was removed in the Trump rollback.

The Trump administration had blocked California's legal authority to set its own standards under the Clean Air Act. The Biden administration is expected to take steps next month to undo that with a rule that environmental groups hope will pressure automakers to agree to higher standards.

A spokesman for the California Air Resources Board, which regulates pollution, wouldn't comment on the automakers' proposal but said the agency "continues to advocate for the most rigorous vehicle standards possible."

Delaware Sen. Tom Carper, chairman of the Environment and Public Works Committee who has met with Biden over efficiency and vehicle emission standards, has said the California agreement is a useful starting point that he believes all automakers should join as the two sides negotiate longer-term standards to go beyond model year 2026 to fulfill the goals of the Paris climate agreement.

Following the roadmap of GM's recently announced goal of making all passenger vehicles electric by 2035, the coalition of automakers is pledging efforts to increase production of electric vehicles and hybrids, the people said.

Automakers argue that it's difficult to reach stricter standards because of continuing consumer demand for less-efficient SUVs and trucks, the top-selling vehicles in the country. By promoting more sales of zero-emission electric vehicles, which accounted for less than 2% of U.S. new vehicle sales last year, the United States can achieve greater emissions reductions down the road.

Transportation Secretary Pete Buttigieg, whose department is overseeing a rewrite of Trump anti-pollution rules along with the Environmental Protection Agency, has signaled openness to granting industry more credits for EV development.

The automakers' proposal is being presented in hopes of having a preliminary deal by Earth Day, April 22, when the administration is expected to release broader emissions targets at a U.S.-hosted climate summit. It highlights the obstacles ahead for Biden, who during the campaign promised "ambitious" fuel economy standards that also support job creation. Transportation emissions is the single biggest U.S. contributor to climate change.

The Alliance for Auto Innovation, a large industry trade group, deferred to a February statement saying it wants to work with the administration on making fuel economy improvements soon, while strengthening the economy and benefitting consumers.

The Trump rollback of the Obama-era standards would require a projected 29 miles per gallon in "real world" stop and start driving by 2026. That's well below the requirements of the Obama administration rules that would have increased it to 37 mpg.

The California deal with Ford and the other automakers has vehicles getting about 33 mpg on average, according to environmental groups, after accounting for credits for electric vehicles.

Biden has said he would forcefully address climate change by returning to the Obama-era standards.

"When the previous administration reversed the Obama-Biden vehicle standard and picked Big Oil companies over American workers, the Biden-Harris administration will not only bring those standards back, we'll set new, ambitious ones that our workers are ready to meet," Biden said in late January.

Biden also has made boosting electric vehicles a top priority. He has pledged billions of dollars as part of an upcoming infrastructure and climate spending package to build 550,000 charging stations over the next decade to support such vehicles.

In a letter to the White House late last month, two dozen environmental and green-friendly groups including the Sierra Club and Natural Resources Defense Council urged acceptance of nothing less than the Obama standards as part of a longer-term path to make all new cars and light-duty trucks zero-emission by 2035. They described credits granted to automakers for electric vehicles as "loopholes" that do little to reduce emissions in the short term.

"Not only are the automakers rejecting standards they agreed to 10 years ago, they are even refusing a weaker deal that five carmakers cut with California," said Dan Becker, a director at the Center for Biological Diversity. "The administration should follow the science. We need to have much stronger national rules so we're not guilty of looking global warming in the eye and blinking."

Groups sue over California county's plan to drill oil wells

By Associated Press

In the Business Journal and Sacramento Bee, Friday, March 12, 2021

(AP) — Environmental and community groups have sued a California county after the prime oil-drilling region approved a plan to fast-track thousands of new wells in a state that's positioned itself as a leader in combating climate change.

The Kern County Board of Supervisors on Monday approved a revised ordinance that could lead to approval of more than 40,000 new oil and gas wells over roughly 15 years.

The Sierra Club and other groups asked a court Wednesday to order county leaders to set aside the ordinance and bar them from approving any drilling permits.

The county, about 100 miles (161 kilometers) north of Los Angeles, didn't immediately reply to an email seeking comment on the lawsuit.

A state appeals court ruled last year that a 2015 Kern County ordinance violated the California Environmental Quality Act by not fully evaluating or disclosing environmental damage that could occur from drilling. New drilling permits were not issued while the county returned to the drawing board.

The revised ordinance would allow the county to use a blanket environmental impact report when considering as many as 2,700 new wells a year.

Kern County is the state's leading fossil fuel producer and also a major agricultural area. It accounts for about 80% of all oil and gas production in California, with about 1 in 7 workers in the county of 900,000 having a job tied to the oil industry.

Supervisors argued that the fossil fuel industry provides good jobs and that production under local requirements would be more environmentally sound than bringing foreign oil into the nation's most populated state by truck, ship or pipeline.

The lawsuit notes that Kern County already has some of the most polluted air in the United States. It contends that the revised ordinance was based on "unrealistic assumptions" about pollution and failed to evaluate all the health risks.

The county also failed to provide Spanish-language versions of its notices about the ordinance even though it is majority Latino and many people speak Spanish as their primary language, according to the lawsuit.

The ordinance is "a disaster for public health," especially for poor communities and people of color who live next to oil wells, said Chelsea Tu, senior attorney at the Center on Race, Poverty and the Environment, which is representing several community groups in the lawsuit.

The oil and gas industry faces challenges from California lawmakers and environmental groups for creating air and water pollution and contributing to climate change.

Gov. Gavin Newsom ordered a ban on the sale of new gas-powered passenger cars and trucks by 2035. New legislation would ban all fracking by 2027, limiting a technique by energy companies to inject water, sand, gravel and chemicals in the ground at high pressure to extract hard-to-reach oil and gas.

'Unprecedented' agreement paves way for Amazon neighbors, Fresno industry to coexist

By Brianna Calix

Fresno Bee, Thursday, March 11, 2021

The Fresno City Council unanimously approved Thursday an "unprecedented" settlement agreement that establishes a community benefit fund for residents facing increased traffic, noise, light and air pollution from the construction of a second Amazon fulfillment center.

The new warehouse will be the third large fulfillment center in an area called the "reverse" or "industrial" triangle of Fresno, where one Amazon warehouse and an Ulta Beauty warehouse already exist. The area is home to Orange Center Elementary School and about 100 homes. The census tract remains the most pollution-burdened in the state under the new draft version of the CalEnviroScreen.

The agreement came after hundreds of hours of negotiations between city leaders, the developer and environmental justice attorneys representing the residents in the area.

It was lauded by city leaders as an example for future projects, but an attorney and advocate with Leadership Counsel for Justice and Accountability said the agreement is “just the tip of the iceberg” of much-needed future land use planning.

“We must continue to do this hard work and to turn our attention to the bigger challenges that need to be resolved through the South Central Specific Plan and completing the environmental justice element of the General Plan,” said Ivanka Saunders, a policy advocate with Leadership Counsel. “If we can work on those, then these individual arguments and fights and all this hard work that we’ve just done on this one project won’t have to be so arduous.”

Councilmember Miguel Arias, who represents the area where the warehouse will be built and helped negotiate the deal, said the agreement addresses the environmental impacts residents have raised for years.

“The settlement before us begins to systematically address what should have happened years ago,” he said before the vote. “This agreement will further provide evidence that we can create quality jobs that do not harm a neighborhood and do not require millions in taxpayer subsidies.”

Arias also apologized to residents on behalf of the City Council.

“I do want to sincerely apologize to the neighbors that are technically county residents, but they’re our city neighbors, and thank them for their hard work,” he said. “It shouldn’t have taken this long to have their voices and concerns addressed, but I appreciate the fact that they have been patient and persistent on addressing the impacts that industry has created. We, as a city, will be better off as we rebuild a precedent for everyone.”

THE PARNAGIAN FAMILY’S PROJECT

The Parnagian family, known for the Fowler Packing ag company, has a development company called G4 Enterprises that will build a 470,000-square-foot warehouse that will operate 24/7, year-round adjacent to the current Amazon facility.

The city’s director of planning and development quietly approved in December changes to the development permit for the new project with no public input and little additional environmental review. The changes included adding a number of truck docks to the original permit approved years ago.

The permit was scheduled to be heard by the Fresno Planning Commission when Leadership Counsel submitted a lengthy comment letter and appeal on behalf of the resident group, called South Fresno Community Alliance.

Leland Parnagian said the family business decided to work with Leadership Counsel on the agreement rather than fight the appeal.

While Parnagian declined to identify the future tenant, sources told The Bee it’s Amazon. Parnagian said once the lease agreement is finalized there will be an announcement.

The Bee emailed Amazon for confirmation and comment but did not receive a response.

Parnagian called the agreement “unprecedented” during the meeting and thanked those involved in the negotiations.

“I think these negotiations and the resulting settlement demonstrate and prove that all stakeholders can come together and resolve these really complex challenges of industrial development in this area,” he said. “I’m hopeful that these efforts will carry forward to other projects, as well as the South Central Specific Plan that we hope to be working on soon. We’re committed as a family to continue to invest in Fresno, and we look forward to working with the city and the community in the coming months and years.”

He said the negotiations helped all parties build trust that will be needed moving forward with the South Central Specific Plan.

“Until we work through the broader issues that affect this area in an all-encompassing plan, it will be difficult to continue to develop out that area,” Parnagian said.

SETTLEMENT AGREEMENT

The settlement agreement binds the resident group, South Fresno Community Alliance, and Leadership Counsel, the nonprofit environmental justice group representing residents, from suing the city over the project, and it requires the group to abandon its appeal of the project. Under the agreement, the city and developer will pay no attorney fees to Leadership Counsel.

According to the agreement, the city of Fresno will facilitate \$300,000 paid by the developer for improvements and installations to offset light, traffic, air and noise pollution to residents' homes. No city money will be used.

The agreement also calls for the city to find funding and extend city water and sewer services to residents' homes through federal, state and local programs.

Under the agreement, residents would receive air filtration and filter systems in their homes.

It also includes a number of measures to study traffic patterns and take steps to protect pedestrian safety, such as installing traffic control signs, enforcing truck parking restrictions and potentially requiring trucks to use alternate routes. It calls on the city and county to work together on a pedestrian and cyclist safety plan with the help of residents and to seek funding to make the plan a reality.

City staff must analyze policies and programs for new development to find ways to promote and incentive hiring residents who live near the project.

Now that the agreement is in place, Mayor Jerry Dyer said the city will complete an environmental review of the area for future projects as well as work on the South Central Specific plan.

“This agreement will allow us to add hundreds of much needed jobs in our community while respecting the surrounding neighborhoods,” Dyer said in a statement to The Bee. “Job growth and economic prosperity will continue to be a top priority for my administration as we create shared opportunities for those living in disadvantaged areas with high rates of unemployment.”