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Big Oil Pushes Back Against Minnesota Clean Car Announcement

By <u>Dana Drugmand</u>

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Minnesota Governor Tim Walz <u>announced</u> last week that the state would be adopting a pair of clean car standards following California's lead, even as the Trump administration tries to revoke California's authority to set stricter standards under federal law. But Minnesota's move is already prompting pushback from oil industry defenders and organizations tied to the <u>Koch network</u>, which is unsurprising given that fuel-efficient and electric vehicles are a clear threat to the profits of petroleum producers and refiners.

It's a fight that is playing out across the country — including in the Land of 10,000 Lakes.

Minnesota is now the <u>fourteenth state to join California</u> in developing stronger vehicle standards, a key policy pathway in the fight against climate change. In <u>Minnesota</u> and <u>nationally</u>, the transportation sector is the largest source of greenhouse gas emissions. Clean car standards are intended to reduce transportation-sector emissions.

"Climate change threatens the very things that make Minnesota a great place to live, from our magnificent 10,000 lakes to our farmable land and clean air," <u>said</u> Governor Walz. "If Washington won't lead on climate, Minnesota will."

The Minnesota Pollution Control Agency (MPCA) will be implementing both a low emissions vehicle (LEV) standard and a zero emissions vehicle (ZEV) standard. The LEV standard requires new automobiles sold in the state to produce less pollution and greenhouse gas emissions, while the ZEV standard mandates that automakers provide more options for ultra-low and zero-emission vehicles including electric vehicles and plug-in hybrids.

The two policies combined could reduce annual greenhouse gas emissions by two million tons by 2030, according to a <u>press release</u> from the governor's office. In addition to the climate benefits, the initiatives

— dubbed <u>Clean Cars Minnesota</u> — are expected to improve public health while saving consumers money and increasing consumer choice.

Reduced air pollution and related health issues like asthma, increased availability of electric vehicles (EVs) and lower-pollution car models, and decreased spending on gas and maintenance are among the benefits, <u>according to the MPCA</u>. The agency notes that these standards have already saved drivers in other states over \$88 billion.

The Koch Network Responds

Of course, fewer consumers buying gas means less revenue for Big Oil. Hence the industry is <u>trying to squash the EV market</u> by attacking EV subsidies and plans to expand charging stations. The oil industry has also targeted policies like the California waiver that allows the state to set stricter tailpipe standards under the Clean Air Act. Fossil fuel trade associations and groups tied to Koch funding have argued and lobbied for revoking the California waiver, and the <u>Trump administration is now granting their wish</u>. But first it must overcome a legal challenge from a coalition of environmental groups, cities, and states.

Minnesota, which is a plaintiff in the new lawsuit, is moving ahead with developing its clean car standards. The MPCA will open a rulemaking process starting this month. That process includes a 15-month period in which the state will hold public hearings and allow for extensive public input.

Organizations with ties to the funding and network spawned by the petrochemical billionaire Koch family are already voicing their opposition.

One group previously speaking out against Minnesota's clean car standards is the <u>Center of the American Experiment</u> (CAE). CAE <u>describes itself</u> as "Minnesota's leading public policy organization" focusing on "solutions that emphasize free enterprise, limited government, personal responsibility, and government accountability." According to the <u>DeSmog database</u>, CAE is <u>a member</u> of the <u>State Policy Network</u>, a network of conservative think tanks funded by the Koch brothers and fighting for limited government and regularly opposing climate change legislation in the U.S. In other words, it is a right-wing think tank and has ties to the Koch network.

CAE has published a number of recent blog posts criticizing the state's clean car standards. The arguments are the same misleading and cherry-picked talking points that Koch-affiliated individuals and organizations are making across the country to try to stall widespread EV adoption.

<u>Isaac Orr</u>, policy fellow at CAE, is the author of most of these blog posts and an outspoken advocate of oil and gas (his Twitter handle is <u>@TheFrackingGuy</u>). Prior to CAE, he worked as a research fellow at the <u>Heartland Institute</u>, another organization funded by the Kochs and ExxonMobil and one notorious for its climate science denial (Heartland also posted a <u>recent commentary</u> attacking Minnesota's clean car standards).

Another group voicing criticism of the Minnesota standards is the Minnesota chapter of Americans for Prosperity (AFP is also deeply tied to the Koch network, and David Koch was one its founders). AFP-MN recently posted a radio segment titled "Gov. Walz's Misguided Energy Policy," critiquing the governor's proposed car standards with a deceptive spin on the policy's economic and environmental impacts. That segment featured AFP-MN Chapter Director Jason Florhs conversing with Orr, with both men covering the standard anti-EV talking points.

Debunking the Koch-Fueled Claims

Both this blog post by Orr and AFP-MN's radio segment make three major misleading anti-EV claims in order to attack Gov. Walz's proposal. Here are those claims and evidence refuting them.

Consumer Choice: Automakers <u>are increasingly betting on EVs</u> for fear of losing market share among younger, more environmentally conscious consumers, and even for fear of potential legal risk for continuing to produce gas-guzzling cars that exacerbate the climate crisis. Additionally, according to a recent survey by <u>Consumer Reports</u>, roughly two-thirds of prospective car buyers in Minnesota want automakers to provide more types of EVs, and about 60 percent of them expressed interest in EVs.

However, Orr claims that Minnesota's clean car standards are not actually about expanding consumer choice, arguing that because electric vehicles are not yet profitable compared to their gas counterparts, EV mandates force automakers to sell money-losing cars. Since these "compliance cars" are not profitable, automakers must raise the prices on their other cars. Of note are the facts that electric cars are cheaper to drive than gas-powered cars and many electric models already cost less than the average new car.

<u>Still, according to Orr</u>: "In the end, these new emissions mandates are less about increasing choices for consumers and more about holding the Minnesota car market for ransom by forcing car companies to sell unprofitable cars before being able to sell profitable ones...As a result, EV mandates drive up the cost of driving for everyone."

While it is true that EVs currently cost more to produce (mainly due to battery costs, though these are declining), they have potential to reach cost parity, even exceeding non-EV profitability, by 2025, according to <u>analysis</u> by McKinsey & Company. According to the analysis, "there are multiple levers that automakers can pull, even today, to help accelerate their path toward mass-market EV profitability."

Again, automakers like GM, which aims to sell 1 million EVs a year, also see market trends shifting and are starting to commit to EVs for reasons beyond just fulfilling regulatory requirements.

Minnesota's clean car standards will expand consumer choice, plain and simple.

Safety: In the more than four decades since the federal government put into place fuel economy rules, both efficiency and safety have made huge strides, with the former jumping 88.5 percent as motor vehicle deaths per mile have declined 65 percent.

Nevertheless, Orr repeats the easily debunked claim that lighter cars are not as safe as heavier cars. In fact, heavier cars, relative to lighter ones, "do not brake or handle as well and are more likely to roll over," <u>according to John German</u> of the International Council on Clean Transportation.

While Orr's argument seems straightforward enough — purporting that lightweight, more fuel-efficient cars, which automakers prioritize due to mandates, are less safe in collisions, he ignores evidence showing the opposite. "The stronger, lighter materials, which save gas by reducing weight, do a better job protecting a vehicle's occupants because they absorb up to twice as much energy as conventional steel, and aluminum can be engineered to fold on impact, reducing crash forces," write Daniel Becker and James Gerstenzang of the Safe Climate Campaign, a project of the Center for Auto Safety, in a New York Times op-ed.

Orr <u>writes</u>, "Unfortunately, when carmakers are forced to increase fuel efficiency, they often make cars smaller and lighter, which in turn makes them less safe...If Minnesota families choose fuel economy as their top priority, that's fine and dandy, but they should not be forced in to cars that are less safe to avert an imperceptibly small amount of global warming in the future."

Of course, the claim that families would be "forced into cars that are less safe" is simply wrong. No one is "forcing" consumers to buy lightweight cars. The Minnesota clean car mandates help ensure that more electric vehicle options are available; they do not eliminate other types of vehicle offerings.

Furthermore, automakers are starting to produce <u>electric SUVs</u>, which makes the anti-EV safety argument seem even more dubious. As <u>Conservation Minnesota</u> puts it, "This will not prevent any currently available models — including trucks and SUVs — from being sold in Minnesota. By 2022 there will also be more electric SUVs and light duty pickup models available for sale in the United States. It is very likely that most of these vehicles would not initially be offered for sale in Minnesota without the Clean Cars Minnesota standards."

Pollution: Again, transportation is the largest source of greenhouse gas emissions, and Minnesota's clean car standards will have the double benefit of reducing transportation sector emissions while helping improve air quality. The last point is especially important for low-income and minority communities, who live with the <u>out-sized burden of air pollution</u>.

Yet Orr claims that electric car mandates have little to no measurable environmental or climate impact. Despite evidence to the contrary, oil and gas defenders like Orr try to argue that air pollution is not a problem to worry about, that traditional gas-powered cars are already "clean," and that global warming is too big in scope for clean car policies to make any difference. Orr argues in his blog post that "Minnesota's air is already great" and even suggests banning backyard fires as a more effective fix. He further claims that the global warming impact of the clean car standards "is far too small to measure."

According to Clean Cars Minnesota, "Reducing emissions would have a positive impact on the communities that are disproportionately exposed to tailpipe pollution, particularly communities of color and lower-income communities in Minnesota."

The MPCA offers <u>several recommendations</u> that individuals can take to reduce their risk from air pollution. Limiting backyard fires is one, but so is driving a fuel-efficient vehicle, as well as taking public transit or walking or biking when possible.

Of course, no single action will solve the climate crisis, but that doesn't mean the impact of one policy is meaningless.

In fact, many states including Minnesota have laws that require the state to undertake measures to reduce globe-warming emissions. Minnesota's Next Generation Energy Act <u>mandates</u> a 30 percent emissions reduction (below 2005 levels) by 2025 and 80 percent by 2050. The state is not on track to meet the 2025 target, making policies like the clean car standards that much more critical.

Despite this early criticism from Koch-linked groups, Minnesota's clean car standards are poised to accelerate electric vehicle adoption across the state, cutting carbon and other air pollution while saving consumers money. As Gov. Walz remarked, "we are taking bold action to reduce carbon emissions in a

way that increases car options, protects public health, creates jobs, and saves Minnesotans money at the pump."

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