

Presidential Hopefuls Need a Viable Vehicle Fuel Action Plan to be Elected

The skyrocketing cost of driving is second only to Iraq as the issue about which Americans are most concerned. Many voters are also increasingly concerned about the effect of auto exhaust on the quality of air their children and grandchildren breathe.

An energy policy centered on simply acquiring and burning more fuel (oil and gas or ethanol) has failed us. The more fuel we burn in automobiles—the more Americans can be gouged at the pump; and the more we will be polluting, and damaging the health of our children; and the more we will be reliant on the Middle East, (where we just can't seem to make friends). Neither political party seems to have a common sense plan to address the problems. They may not know that we want the next President to have new energy policy, *and* a plan of action.

Here are some essential components of a workable energy action plan:

1. Increase the average miles per gallon that automobiles sold in the U.S. must achieve under the CAFE standards.

For a number of years, the federal government has had CAFE standards that establish the average miles per gallon that automakers' fleets must achieve, or receive a significant fine. The reason for this law is that while we Americans talk a good game, we do not always do the right or smart thing. Laws force us to do so. Without the CAFE standards, the thrill of the hunt for a new car might put shiny vehicles in our driveway that burn a gallon of gas to go 8 miles. However, the CAFE standards simply are not tough enough. Our American industries, including the auto industry, can and have provided some of the world's most innovative technology. Automakers can produce large and mid-size vehicles that obtain significantly better gas mileage than those on the road today. They are simply not doing so because they have not been forced to.

The argument has been made that to do this will make them non-competitive with foreign manufacturers from Japan and Korea. Bunk. Had the government forced U.S. automakers to make more fuel efficient cars, you would not see so many Japanese and Korean cars on the road today.

The "*I can afford it*" argument is irrelevant. *We*, as a nation, can no longer afford to allow people to drive gas guzzling vehicles simply because the owners can afford to drive them. There is nothing wrong with an SUV—but there is a lot wrong with a gas-guzzling SUV. If automakers want to sell to the market that wants a larger SUV, they would have to improve the gas mileage.

So what would increasing the CAFE mileage requirement do for you? First, it would lower our dependence on foreign oil. If we burn less gas, we need less Mideast oil!

Second, it would lower the cost of fuel for the average American. While we may not be able to control oil prices, we can save money by traveling further on that same gallon of gas. Europeans and others figured this out long ago. Third, burning less fuel puts fewer pollutants in the air, and cleans up air pollution problems like no other methodology could.

Of course, this means that automakers will have to step up their use of electric motors as the primary power unit in vehicles, supplemented by smaller gasoline engines to charge the batteries and provide secondary power. We have underestimated the market, as evidenced by the success and sales of vehicles like the Toyota and Honda hybrids. Had the CAFE standards been increased several years ago, the Big Three would have been forced to move more aggressively into the electric hybrid marketplace, and would have been leading foreign automakers, instead of following them.

2. Stop the senseless promotion of ethanol as auto fuel, and remove the artificial ethanol mileage formula for CAFE calculations.

Ethanol as auto fuel is a bad idea – not a solution. As even President Bush, the former oilman, recently noted on several occasions, the solution is not to burn one fuel or another, but to reduce the amount of fuel we burn. His conclusion was based not only on his own experience, but on science. The problem with ethanol is that it takes as much fossil fuel energy to make as is created in the ethanol produced.¹ However, the real rub comes in when you burn E85 (85% ethanol plus 15% gasoline) in a vehicle. Then, according to test results released by the DOE (www.fueleconomy.gov), *ethanol produces 25% to 30% less miles per gallon in the new flex fuel vehicles than gasoline in that same vehicle.* At the pump, U.S. consumers pay the same for E85 ethanol as for unleaded gasoline.² Worse yet, in order to burn ethanol as auto fuel, you have to first burn the equivalent of a gallon of gasoline to make the ethanol, which pollutes the air, and then burn the gallon of ethanol you make, which also pollutes the air, basically doubling the air pollution. Not a very bright solution according to middle school kids.

And do not be fooled by the claims of the ethanol industry that it does not pollute or burns much cleaner than gasoline. In fact, EPA admitted in federal court in 1995 that just the opposite was true: because ethanol is more volatile than gasoline, it can release more VOCs, and creates more low level smog than gasoline. That is why a number of states, including California and Georgia, sued the EPA several years ago to be released from the federal requirement to use ethanol as an oxygenate in gasoline. Those suits became moot when, in late 2005, Congress passed the Energy Policy Act of 2005, which

¹ Some studies now indicate that it only takes the equivalent of one gallon of gasoline to produce 1.15 gallons of ethanol). However, that ratio doesn't include the fuel needed to transport the ethanol (which cannot be moved in pipelines) and blending it with the required amount of gasoline.

² Strangely enough, even though gasoline and E85 ethanol prices at the pump are about the same, the wholesale price of Ethanol (\$2.90) is significantly higher than the wholesale price of unleaded gas (\$2.18) (<http://ethanolmarket.ghost.net>). Then oil companies have to spend more to blend the ethanol with 15% unleaded gas to create E85—but then sell it for the price of the cheaper unleaded. Who is subsidizing the loss and why?

recognized that computers in cars have made gasoline oxygenates unnecessary, and lifted the requirement to use any oxygenate (ethanol or MTBE) in gasoline, effective May 6, 2006.

Ethanol's phony CAFE mileage rating encourages gas guzzlers. The federal government, in its infinite wisdom, made a deal with the auto companies and the ethanol lobby (undoubtedly led by Archer Daniels Midland, the largest ethanol producer in the country). The deal was this: if auto companies make "flexfuel" vehicles that can burn either E85 ethanol or gasoline, the government will artificially calculate the mileage those vehicles obtain, to give a higher average rating for the CAFE standards, allowing companies to build and sell inefficient cars, while still meeting the CAFE standard requirements, and avoiding any federal fines.

As a result of that deal, automakers converted several major vehicle models to flexfuel. Let's pick on the Ford Taurus, one of the flexfuel vehicles, as an example. Government tests show that if that vehicle burns gasoline, it obtains 27 miles per gallon; while if it burns E85 ethanol, it obtains 20 miles per gallon. But under the deal struck with the government, that 20 miles per gallon is not used in the computation of CAFE standards compliance. Instead, the deal provides that the car's average miles per gallon will be divided by .15, to reach an artificial CAFE calculation mileage of over 100 miles per gallon. This deal simply encourages car companies to make and sell more fuel inefficient vehicles, which increases the cost to the consumer, and increases pollution.

An increase in the CAFE mileage requirements must be accompanied by a termination of the artificial calculation of ethanol mileage when computing CAFE compliance.

3. Provide a significant tax credit for any American that buys a vehicle made in America that achieves an average city/highway average mileage in excess of 30 miles per gallon.

Targeted tax credits work to encourage and reward us for burning less fuel. The credit should increase with city/highway mileage of the car purchased. The new credit would also create a purchase incentive for higher mileage U.S. vehicles, including electric/gasoline hybrid vehicles.

4. Repeal the federal fuel tax credits for ethanol production; repeal the \$.54 tariff on Brazilian ethanol.

Currently, the U.S. government has a significant tax on automobile fuel. While many have complained about the tax, the government needs income to maintain our massive highway infrastructure. However, as a favor to farmers (who already receive massive subsidies for producing corn for which there is often no good market) and ethanol producers (who already receive grants to build their ethanol distilleries), Congress gave ethanol a 51 cent (\$.51) per gallon break on the federal fuel tax. The result of that tax

credit is that as you drive down the road burning ethanol getting 25%-30% less mileage (www.fueleconomy.gov) than someone burning gasoline in the same vehicle next to you, \$.51 for every gallon of ethanol you burn is leaving the taxpayers' pockets to make up for the fuel tax credit on that gallon of ethanol.

If this ridiculous credit is repealed, the money could be used to encourage people to buy truly fuel efficient vehicles.

While we are repealing protective measures that hurt American taxpayers, Congress should repeal the \$.54 per gallon tariff on ethanol from Brazil (another law to artificially inflate the price of corn and ethanol). While ethanol may be a poor solution to our fuel addiction, it will never help reduce dependence on foreign oil if it costs as much as or more than gasoline, especially since it yields 25-30% fewer miles per gallon than gasoline. Ethanol from the US trades at \$2.90—ethanol from Brazil trades at \$1.40 (sources: www.nybot.com; www.cbt.com). If the \$.54 per gallon tariff is repealed, even with shipping costs (\$.16/gallon) we could get cheap ethanol from Brazil. The administration supports the repeal, but powerful Midwest farm state Senators will likely oppose it.

5. Increase grant and research funding for alternate and truly renewable energy sources, such as wind and solar; provide meaningful incentives for those that adopt and use renewable technologies.

While the petrochemical industry may well argue that wind and solar powered electric generation are not feasible replacements for fossil fuel, they can make no reasonable argument that these and other really renewable methods cannot significantly reduce use of fossil fuel in many areas of the country. Our government needs to invest more in these technologies. I don't want to hear that we do not have the money in the budget. If we can spend hundreds of billions of dollars to fight a disastrous war in a country where we had a questionable strategic national interest, why can't we spend 20-40 billion more here at home to support energy independence? I am not evaluating the right or wrong of the war in Iraq, merely the expenditure versus the return.

6. Develop a policy to deal with the Middle East that recognizes our strategic national interest in their oil resources.

Middle Eastern countries have most of the oil. The United States is the largest per capita user of oil. Unfortunately, our policy toward Arab nations during this administration has done nothing to cause them to want to help us maintain a regular and reasonably priced flow of oil. Someone needs to recognize the culture of the Arab nations, and what makes them tick, and try—without abandoning any real strategic interest—to develop a plan that will maintain better relationships. That plan probably would not include invading an Arab country to capture or kill its leader. And it probably would not include

invading Iran, another Arab country, because we think they are developing their nuclear program to build weapons, instead of power plants.

Iraq has oil reserves second only to Saudi Arabia. However, despite the hundreds of billions of dollars we have spent in Iraq, and the hundreds of billions more we will spend, Iraq's oil production is currently 25% lower than it was during the reign of Saddam Hussein. We simply can not keep people with crude weapons from blowing up the pipelines in Iraq, and disrupting the flow of oil there. Not only did invading Iraq waste hundreds of billions of dollars of American Treasury funds, and drive our debt higher into the trillions, but it also significantly reduced the availability of oil on the world market, driving prices higher.

We cannot continue the "I hate you" policy towards other oil producing countries in the Mideast and South American, and then wonder why we have trouble getting oil, and maintaining a reasonable price for it.

If we were slightly more independent as a result of the steps taken above to reduce our fuel consumption, we would have the ability to challenge countries in the Mideast, South America, and elsewhere, without disastrous consequences at home due to skyrocketing fuel prices.

Conclusion.

The bottom line is that the American public is not stupid. It may take us a while to catch on, but we do. We now understand the addressing our fuel addiction it is one of the most critical issues facing our country today. A candidate with a concern, or even a policy, is not going to get elected. We want a candidate with a plan that is really going to work this time.

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