

Ending U.S. Petroleum Dependence Requires a Broader Strategy

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The U.S. Senate is presently considering a new energy bill, but with Iraq's oil wells secure and gasoline prices receding, it is receiving little attention. That's bad news for the country. After years of energy upheaval and following the September 11 terrorist attacks, Americans support efforts to reduce our petroleum dependence. But lack of leadership and attention means policy may be dictated by entrenched energy special interests.

For 100 years prior, our vast oil wealth helped define us and facilitated U.S. economic, political and military power. Around 1970 U.S. oil production peaked and began to decline. The 1973 Arab oil embargo caused only a 9% worldwide production downturn, but it was enough to spark long gas lines and price hikes.

Petroleum geologists disagree about when world oil production will peak. But a growing chorus of them believes that this will occur between 2010 and 2020. They cite evidence that petroleum exporting nations inflate estimates for financial gain. As we reach the peak, most remaining stores will reside in the Persian Gulf. Rising demand will cause permanent price increases.

Persian Gulf leaders know their oil will someday run out. Economic necessity may cause them to restrict supplies to extend their longevity and the cash generated. This would drive up prices.

Politically created price shocks cannot be ruled out. The terrorist threat signals that these risks may be greater than ever. Terrorists and their sympathizers know that we are increasingly dependent on Persian Gulf oil. Anti-Americans and terrorist sympathizers in Arab nations may try to influence their governments' control of oil supplies, again leading to restrictions and price increases.

The FreedomFuel initiative to promote hydrogen as a transportation fuel is the Bush Administration's response to the problem of U.S. petroleum dependence. The initiative could be a building block, but three principal deficiencies must be addressed.

One, funding is inadequate. Compare the 5-year \$1.2 billion authorization to the \$22 billion we collectively spent in 2002 alone on the oil imported from Arab OPEC nations.

Two, more focus is needed on how to extract hydrogen for use as a fuel. Biofuels and renewable electricity sources are the best long term choices. Non-petroleum fossil fuels such as natural gas offer good transitional options.

Three and most importantly, Administration policies neglect alternatives that could reduce oil dependence near term and help facilitate the transition to hydrogen. Today, manufacturers offer cars, trucks, and buses capable of using natural gas, propane, ethanol, and biodiesel – all plentiful, domestic, cleaner, and cost-competitive. Fuel efficient hybrid electric vehicles (HEVs) are gaining market share; soon look for HEV versions of heavy-duty vehicles like buses and trash trucks.

“American fuels” and HEVs can reduce U.S. petroleum demand by 20% or much more within 5-10 years, helping to protect us against oil shortages and price spikes. American fuels and HEVs also can facilitate the transition to a hydrogen-based transportation system. For example, the similarities between HEV and fuel cell vehicle drive trains and between compressed natural gas and hydrogen refueling systems can build bridges of consumer acceptance and technician experience needed to usher in hydrogen.

Legislation pending in the House and Senate would advance these transitional fuels and technologies. The “CLEAR Act,” S.505 and H.R.1054, would provide small incentives to encourage consumers to purchase HEVs and American fuel vehicles (AFVs). It would provide small but critical subsidies for production of biofuels like ethanol and biodiesel. Finally, it would support development of refueling stations for AFVs. Provisions of the CLEAR Act should be incorporated into this year’s energy bill.

Americans understand that our increasing dependency on oil from the Persian Gulf is risky. Our leaders should encourage and support the means to reduce dependence today and facilitate the transition to hydrogen. It won’t be easy, but the reward will be a strong economy, greater geopolitical stability and global environmental security.