

## **Ferguson: Energy Matters**

December 21, 2007

### **Car Talk**

On Wednesday, President Bush signed an energy bill requiring an increase in the fuel efficiency of vehicles. On the same day, the U.S. Environmental Protection Agency denied California's request to be allowed to control emissions of greenhouse gases from vehicles. What a coincidence!

Environmentalists have been trying to get Congress to raise the vehicle mileage (CAFE) standards for years and are justifiably pleased that Congress has acted. In my opinion, California and its outspoken governor deserve at least as much credit as my friends at the Sierra Club. Without California's threats to regulate vehicle emissions of carbon dioxide, Detroit would have prevailed yet again in DC.

The feds continue to refuse to limit greenhouse gases despite a court decision interpreting the Clean Air Act as providing the rationale for doing so. The state has vowed to sue the feds yet again, and establish states' authority to regulate greenhouse gases in the absence of federal action on climate change.

The federal/state squabble strikes me as somewhat Kafkaesque, however. The feds have clear jurisdiction over vehicle efficiency regulations. Carbon dioxide from vehicles is proportional to the amount of fuel burned, and hence inversely proportional to efficiency. Therefore, the feds are justified in telling California to butt out, right?

On the other hand, burning of petroleum-based fuels is the number one source of greenhouse gas emissions causing global warming. Since the feds have refused to regulate GHGs, the states have authority—some would say the duty—to act, right?

It's an argument only a lawyer could enjoy. To-may-to, to-mah-to, let's just call the whole thing off.

Ok, there are some differences in the approach taken by California and the feds. The target efficiencies are about the same, but California's were to kick in sooner and put more pressure on Detroit. How California could enforce its rules, however, is unclear. What are they going to do? Fine Detroit if they don't come through? Prohibit them from selling cars in the Golden State?

The other major piece of the energy legislation was more pork for corn farmers in the form of an increase in the ethanol mandate. This should come as no surprise since the Iowa caucuses are coming soon and neither the Ds nor the Rs want to appear hostile to farmers cashing in on hefty federal subsidies. Experts question

whether ethanol from corn requires more petroleum than it saves. Details like these surely weren't going to keep politicians from refilling the pork barrel, however.

Ethanol opponents may have more luck with a story circulated recently highlighting the shortage of hops needed to make beer. Apparently growing corn is now so profitable that hops growers are ripping out their vines to plant corn, thereby making beer more expensive. Politicians might rethink ethanol policies if faced with an angry mob of beer lovers.

The silliest part of the bill was a mandate for even more ethanol made from things other than corn. Since there is presently no known commercial process for making ethanol from things like saw dust, this 'mandate' is pure politics. Ah well.

Important parts of the energy bill were left on the cutting room floor to be haggled over another day. The Ds would like to provide subsidy money for renewable energy technologies that have difficulty competing in the marketplace. For some reason, this money can't simply be put on the national credit card as can military expenditures. The solution was to end the subsidies now going to the oil and gas industry on the not-unreasonable grounds that \$100 barrel oil should provide enough of an incentive to drill for oil. This scheme was doomed to failure given the current inhabitants of the White House, so an alternate plan will be taken up next year.

Coming on the heels of the failure of climate change talks in Bali to overcome US resistance to meaningful action, the meager changes wrought by the energy bill come as no surprise. I suppose we should give thanks that the 100,000,000 or so cars on US roads will be more efficient a decade or two from now.

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*Opinions expressed by DrF are not necessarily those of any organization with which he is affiliated.*