

**Comments for the Joint California Energy Commission/Air Resources Board Staff Hearing
on a California Strategy to Reduce Petroleum Dependence
June 6, 2003 Docket# 1-SRPD-01**

by Tim Castleman, a private California citizen

I feel a bit like Cassandra, coming before you again, as I did May 15, only to have my warnings ignored, in an effort to convince this learned body to give a more complete recommendation in response to Assembly Bill 2076.

Specifically, the recommendations should include a statement that we can reduce petroleum usage by 20% to 50%, with corresponding reductions on pollution and petroleum dependency, by simply enforcing existing speed limits and re-enacting the 55 MPH speed limit. These figures are supported by literally dozens of independent studies, and are greater than the sum of all of the other recommendations that so many public dollars and printed pages have been devoted to so far. To simply state that the general public would refuse to slow down and therefore dismiss the idea of enforcing speed limits and restoring the 55 MPH speed limit from consideration is unacceptable.

The clear favor given to natural gas in the recommendations ignores the reality that natural gas is subject to all the same factors as petroleum: price spikes, shortages, and pollution, plus others such as lack of infrastructure, extra costs to equip vehicles, and the fact that its use will even INCREASE pollution in many cases.

The goals of AB 2076 were not to find ways to promote the natural gas industry; rather, the goal was to find ways to reduce its stranglehold on California consumers. It is important to note that the natural gas industry is largely owned or controlled by the same entities as the petroleum industry, and that many of these are based offshore with foreign ownership.

Natural gas is not likely to ever be any cheaper than it is today. In May of this year, Alan Greenspan told Congress's Joint Economic Committee

"I'm quite surprised at how little attention the natural gas problem has been getting, because it is a very serious problem," and "I don't think we've yet seen the implications of (price pressures), but they are going to arise, and it is coming to your subcommittee," he told Republican Senator Lamar Alexander, who is Chairman of the Senate Subcommittee on Energy.

Yet this is a cornerstone of the agencies' recommendations. It seems the petroleum industry is coming among us to influence these agencies like the Greeks inside the Trojan Horse, ready to leap out and vanquish the key factors of establishing a sustainable energy policy.

Another cornerstone the current recommendations rely on is the idea that future fleets will achieve an average of 40 miles per gallon -- a doubling of the current mileage ratings. There is no rational justification for this projection, as a matter of fact, quite the opposite! In the last 20

years overall mileage has not improved significantly, though technology now offers power windows in nearly every new car. The simple fact is auto makers respond to consumer demand, and if consumer demand is for bigger, faster cars, that is what they will get, one way or another. This is demonstrated in the popularity of luxury SUVs over standard sedans. On the other hand, high costs will cause consumers to demand more efficient vehicles.

Requiring citizens to modify their driving habits WILL happen sooner or later. We simply cannot go on lugging thousands of pounds around with each individual person at 70-80 MPH and expect to really achieve much of an energy savings. There are basic laws of physics in play here.

It requires energy to move mass. More mass equals more energy. It also takes energy to increase speed. More speed equals more energy. On Monday, June 2nd, BP chief executive John Browne told the World Gas Conference in his keynote address

"Hydrocarbons will not just remain the most important source of energy -- they will actually become more important," Despite the conference theme, "Catalysing for an Eco-Responsible Future," Browne said energy industry leaders "have to be realistic" in accepting the global reliance on fuels that emit ozone-depleting gases. "If you add together all the alternative and renewable sources of supply -- excluding hydro, which of course is available only in specific locations -- all that supply, added up on a global basis over a full year, would barely meet the needs of the city of Tokyo." By 2020, the world will consume the energy equivalent of 36 million tonnes of crude oil per day, with 65 percent coming from oil and gas, Browne said. "The inescapable conclusion is that energy supply will continue to be dominated by hydrocarbons," he said.

For at least for the next twenty years or so, that energy will come from fossil fuels. The population will continue to grow, and each year thousands of new drivers will hit the road fully expecting to race around at top speeds as we do now, if not even faster.

To believe the auto industry will all of a sudden quit trying to satisfy that consumer demand is dreaming. All the intelligent conversation and exhaustive studies by learned bodies such as the CEC and ARB will not change a fundamental fact: people like to drive fast.

The blind spot exhibited in this very reporting process proves this by offering just one-and-a-half pages out of these many thousands to dismiss the entire concept of enforcing vehicle speed limits as a "draconian measure" and no mention is made in the recommendations to the legislature and the Governor. It is clear NO ONE wants to slow down.

A lot of attention is given to the costs associated with reducing the use of petroleum, so let's take a look at the savings we might expect from the proposed enforcement of existing speed limits and re-enactment of the 55 MPH speed limit. The following is an excerpt from a recent analysis I did on a national scale:

There seems to be little disagreement that US military aggression in the Middle East is related to petroleum consumption.

There also is little disagreement that US dollars fund this military aggression, and that US citizens are the largest market for petroleum in the world.

Just how big is the US petroleum market? Personal Consumption Expenditures are about \$160 billion per year. Divided by 300 million US citizens, that works out to \$533 per year, or \$44.44 per month for each man, woman, and child in America. A typical family of 5 will spend about \$222 each month for petroleum products.

Consider your own experience -- does that sound about right? Remember to include oil and the other fluids your vehicles consume.

The TOTAL cost of personal transportation will include two other expenses: "Transportation Services" and "Motor Vehicles and Parts". These add \$680 billion per year to the expenditures.

Divided by 300 million US citizens, that works out to \$2,266 per year, or \$189 per month for each man, woman, and child in America. A typical family of 5 will spend about \$944 each month, in addition to the \$222 for petroleum, on personal transportation. These figures DO NOT take into account the amount they are spending to have food and consumer goods trucked in from all over the world -- these are just the PERSONAL transportation expenses.

What if we convinced everyone to reduce their consumption by 20%? They would save \$528 per year on petroleum alone! By reducing consumption of petroleum by 20%, we would also reduce our reliance on imported petroleum, and therefore our need to wage war in the Middle East.

That would mean \$32 billion less the petroleum industry would get each year from US citizens. With a \$32 billion cut in revenue, campaign spending would be reduced significantly, industry executives would cut their own salaries last, and the current political system would be altered.

It is no secret that well-paid, highly-educated industry representatives work very closely with CEC and ARB staff, and this is obviously very necessary. However, it would not be the first time in history if we were to find undue influence had been impinged upon public employees to sway them to industries way of thinking. I am not accusing anyone of anything deliberate, but the record speaks for itself in regard to the fuel of choice. To deny that natural gas has taken center stage in not only the process, but also in these resulting recommendations, would be similar to denying that we went to war in the middle east to protect and secure petroleum interests. It simply is not true.

These recommendations fall far short of the goal that was the intention of the AB2076 and will not "Reduce our reliance on petroleum" at all. There are many use reduction strategies, such as increased public transportation options, registration costs that reflect vehicle horsepower and weight such as the trucking industry now uses (who by the way are in support of the 55 MPH

speed limit), and promotion of human powered transportation, that simply do not appear in the recommendations.

This is a betrayal of the public trust, and falls short of what I know these many talented people are capable of. If even half of the intellectual capital that was invested these past two-and-a-half years had been applied to compiling the evidence and devising creative programs to convince Californians to slow down, walk, ride a bike or take public transportation, purchase smaller more efficient cars, carpool and to support alternative energy technology development, I am sure these recommendations would look a lot different. As they stand, these recommendations really only accomplish three things:

- 1) Pass the buck to Congress and the Auto industry.
- 2) Tell us what tire companies have been saying for decades.
- 3) Provide natural gas investors and industry with a marketing study and lobbying tool.

And so it is up to you. Will my words again fall unheeded, as did those of Cassandra? Or will you hear this warning and take righteous action to save our state, save our environment, and save our children's future?

This concludes my remarks before the Joint California Energy Commission/Air Resources Board Staff Hearing on a California Strategy to Reduce Petroleum Dependence.

My name is Tim Castleman, this statement can be downloaded for print at www.drive55.org