

Written comments
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To the House Energy & Environment Committee
Oregon Legislature

At the Public Hearing to Consider
Reauthorizing the Oregon Clean Fuels Program
February 24, 2015

Dear Chair Vega Pederson and Members of the Committee:

Thank you for the opportunity to present Consumers Union's views on the proposed Clean Fuels Program (CFP). We strongly support SB 324 to lift the sunset on the program.

Since our inception in 1936, auto safety and value have been paramount for us. Consumer Reports tests about 75 new vehicles every year at our test track, where we assess such attributes as fuel economy, ownership costs, reliability, safety, and performance. We do not accept outside advertising, and we have more than 8 million subscribers to all our products and services.

As a national consumer organization with subscribers and activists in every state, we care deeply about the cost of fuel to power our vehicles, and actively promote measures that provide consumers with cleaner, more efficient choices. Working towards this goal, we have supported federal and state fuel economy and greenhouse gas (GHG) emissions standards for vehicles, as well as state initiatives to enhance customer choice for vehicles and fuels.

It is our view that the CFP expands choices for consumers and helps lower monthly fuel costs, while reducing greenhouse gases and other air pollutants from gasoline and diesel.

Oregon's CFP accomplishes many of the goals we promote:

- Provide greater consumer choice by promoting alternative fuels.
- Stimulate innovation by not "picking a winner," and allowing the market to determine what technologies and solutions are best for meeting carbon reduction goals.
- Reduce GHG emissions and other pollutants.
- Reduce the state's reliance on a single fuel source by encouraging other technologies to achieve economies of scale.
- Align with other states, namely California and potentially Washington, thus increasing market impacts while maintaining consistency.

Oil prices are volatile. While today's gas prices may be low, all forecasts indicate that they will increase again soon. When prices are too low, production slows, demand and supply sync up, and prices increase again. We also recognize that increased dependence on unconventional sources for oil, where production costs are much higher (e.g. tar sands, shale deposits), will drive prices and health costs upward.

So what is the best long-term strategy to hedge our transportation bets and lessen uncertainty at the pump? In two words: competition and diversification. Introducing competition from cleaner fuels will encourage innovation and exert downward pressure on gasoline prices. Diversifying the fuel supply both decreases demand for oil and gives consumers more transportation fuel choices, which are especially valuable when oil prices rise. By increasing consumer choice, the CFP helps increase the elasticity of demand, providing protection from fuel price increases.

It is more important now than ever to prepare for our long-term energy future. We don't have to wait for oil prices to go up again to invest in clean fuel technologies. While improvements are being made, oil's near monopoly over transportation infrastructure stymies investment in alternative, and competing, products. The CFP will help diversify transportation fuels and foster a market for clean fuels by providing greater certainty for bringing these alternatives to market.

Finally, programs such as CFP bring numerous other benefits. Burning less fuel, compounded by that fuel being cleaner, improves air quality and progresses public health. These enhancements lead to fewer consumer expenses on health care and missed work days as well.

Consumers Union believes the CFP will boost fuel choice, incentivize innovation, and decrease consumer costs in the long run. We thank you for your time and dedication to this important program.

Sincerely,

A handwritten signature in black ink that reads "Shannon M. Baker-Branstetter". The signature is written in a cursive, flowing style.

Shannon Baker-Branstetter
Policy Counsel, Consumers Union