

Written comments
Shannon Baker-Branstetter
Policy Counsel
Consumers Union, Advocacy Arm of Consumer Reports

To the Senate Environment and Natural Resources Committee
Oregon Legislature

At the Public Hearing to Consider
Reauthorizing the Oregon Clean Fuels Program
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Dear Chair Edwards and Members of the Committee:

Thank you for the opportunity to present Consumers Union's views on the proposed Clean Fuels Program. 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 fueling costs to power our vehicles and providing consumers with cleaner, more efficient choices. Working towards this goal, we have supported federal and state fuel economy and greenhouse gas standards for vehicles as well as state initiatives to enhance customer choices for vehicles and fuels. It is our view that the proposed Clean Fuels Program will expand choices for consumers and help lower monthly fuel costs, while reducing greenhouse gases and other air pollutants from gasoline and diesel.

Oil prices are volatile. While today, gas prices are falling, all forecasts indicate that they will increase again. When prices are too low, production slows, demand and supply sync up, and prices increase again. We also know that dependency on increasingly unconventional sources will drive prices upward—production costs are simply larger. 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 proposed Clean Fuels Program can help increase the elasticity of demand, which provides protection from future fuel price increases.

We don't have to wait for oil prices to go up again to prepare for our long-term future. Clean fuel technology is evolving and expanding, but oil's near monopoly over transportation infrastructure stymies investment. The Clean Fuels Program helps diversify transportation fuels and foster a market for clean fuels by providing greater certainty for bringing these alternatives to market over the next ten years.

The Oregon Clean Fuels program requires consumer protection measures, which we support. The program will also be implemented during a period of increasing fuel economy standards, so consumers will be using less gasoline. That means that average consumer fuel bills are more likely to decline thanks to improved efficiency and decreased gasoline consumption from a Clean Fuels Program. Some of the gasoline and diesel substitutes are already cheaper than gasoline, such as natural gas, propane and electricity. Several in-state feedstocks have potential to be on par or less expensive than gasoline as well. An independent analysis by Jack Faucett Associates identified that the expanded fuel choices provided by Oregon's Clean Fuels Program are likely to bring Oregon consumers and businesses at least \$43 million and up to \$1.6 billion in fuel cost savings over the ten years of the program.

Oregon does not refine or produce oil inside the state, which means that the \$5 billion per year that Oregonians spend on fuel costs is flowing straight from residents' pockets to out-of-state industry. With the Clean Fuels Program, many fuel options could be produced in Oregon. That means not only cost savings and choices at the pump, but more jobs and economic benefits for local communities.

In summary, Consumers Union supports the Clean Fuels Program because it is likely to save consumers money on their fuel bills, increase vehicle and fuel choices, and improve air quality and public health. Thank you for the opportunity to present our views.