

## Will Natural Gas Cars be the Answer to Ridding World of Oil Dependence?

### Debate Continues in US; Is It for Trucking only, or the Consumer Too? Meanwhile, Thais, Other Nations, Make Progress

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To some, the recent rise of gasoline prices at the pump to the \$2.00 range, despite continued very low prices for crude oil, is a good thing, perhaps shaking away some consumer complacency that may have set in about eliminating oil dependence amid dramatically falling prices in the past six months.

One of the big areas of debate has to do with the potential for cars and trucks that run on natural gas. Many proponents, including energy investor T. Boone Pickens and his highly promoted energy plan for America, see natural gas as at least a mid-term answer gaining energy independence. The Pickens Plan website says the best opportunity is for using natural gas to power the US truck fleet, and notes that "Nearly 20% of every barrel of oil we import is used by 18-wheelers moving goods burning imported diesel."

It is unlikely that batteries would be able to power large trucks for many, many years.

UPS, for example, has been expanding its fleet of natural gas powered trucks, and has several hundred of them in its fleet currently. Arguments for natural gas include its relative cost, abundant sources in the US, and small levels of carbon emissions.

Some also see great promise in the potential for natural gas powered cars. However, FedEx CEO Fred Smith, co-chair of 2008's Council on Energy Security, which issued a major report in October (see [Council on Energy Security Report Says Electrification of Transport Key to Reducing Oil Use and Vulnerability](#)), said at the time he believes

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natural gas is best used for industrial applications, and that electric cars are the real future.

#### Thailand Sees Rapid Progress

Someone should have told Thailand. In just a six-month span in 2008, the country's consumers purchased or converted more than 40,000 natural gas powered vehicles (including some trucks). Officials there expect the growth of natural gas powered vehicles to grow rapidly.

According to reports, there are also more than 1 million natural gas cars already in India, and they are growing in popularity in countries such as Brazil and Pakistan as well.

Generally, the government is required to subsidize the effort – a process made easier, perhaps, if the government runs the energy company, as it does in Thailand. The spike in natural gas powered vehicles came in part after the government agreed to fix compressed natural gas (CNG) prices by means

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of a subsidy to the national oil/gas company, making CNG prices much lower than regular gasoline.

In Thailand, relatively inexpensive conversions of gas-powered cars to CNG are available. But the cars get a small amount of miles to a tank (maybe 100 miles or so), and some drivers complain of poor acceleration.

While Honda offers a natural gas car in the US, demand is very low. Part of the problem is the usual chicken and egg scenario – the few cars on the roads mean CNG service stations are about impossible to find. The lack of service stations means demand for CNG-powered cars remains low. The moderation of gas prices, despite the recent jump back up, means US and

European consumers are also feeling less of a pinch when filling up the tank, reducing demand for now for lower fuel cost alternatives.

While uncertain at the consumer level, there seems a strong level of support for greater use of CNG power for trucks in the US. To get there though it is also likely that government involvement will be required, in terms of subsidizing fueling infrastructure or the purchase of CNG-powered vehicles themselves, and in terms of regulations/requirements.

