



## **DUAL-FUEL FARCE SHOULD END**

### **AUTOMAKERS “EARN” CREDITS FOR VEHICLES THAT NEVER USE ALTERNATIVE FUELS, BURNING FAR MORE OIL, GREENHOUSE GASES**

In 1988, Congress passed the Alternative Motor Fuels Act (AMFA) to help reduce nation’s dependence on foreign oil and harmful greenhouse gas emissions. The bill added Section 32905 of Title 49, which allots automobile companies more fuel economy credits towards required fleet averages under the Corporate Average Fuel Economy program (CAFE) in exchange for producing “dual-fuel” vehicles, vehicles capable of operating partially or wholly on an alternative fuel such as the gasoline and corn-based ethanol mix E85.

**AMFA allows automakers to claim, for the purpose of meeting CAFE requirements, a fuel-economy rating for a dual-fuel vehicle that is more than 1.74 times that vehicle’s actual fuel economy.** By creating an incentive, on a trial basis for 1993-2004 model year vehicles, for automakers to produce dual-fuel vehicles, Congress hoped to spur the development of an alternative fuel infrastructure.

While AMFA failed to stimulate development of an alternative fuel infrastructure, it has served as **a loophole for automakers** because it allows the rest of an automaker’s fleet to be significantly less fuel-efficient. A 2001 National Academy of Sciences study recommended NHTSA abolish the dual-fuel provision.<sup>1</sup> By the Administration’s own admission, the program is a total failure:

- Dual-fuel vehicles actually operate on alternative fuel *less than one percent of the time*;
- In 2002, there were only 121 sources for E85— a minuscule *0.07 percent of the 176,000 gas stations nationwide* — and prices for E85 are consistently higher than for gasoline, undermining consumer motivation to purchase the fuel for the foreseeable future;<sup>2</sup>
- The dual fuel credits had *increased* petroleum consumption by hundreds of millions of gallons over the past decade and *increased* greenhouse gas emissions by millions of metric tons;<sup>3</sup> and
- **There is no reasonable or even remotely likely scenario in which the program would achieve its goals or would begin to save more fuel than it costs in lost credits.**

Nevertheless, in February 2004, NHTSA issued a final rule extending the AMFA program for another four years until 2008. Automakers have responded to this and the new fuel economy standards for light trucks by ramping up dual-fuel vehicle production, meaning that the consequences of this extension are severe and will be felt for decades:

- **By the administration’s own analysis, an extension AMFA through 2008 would result in additional *billions* more gallons of oil consumed and *tens of millions* of metric tons of greenhouse gases emitted.**<sup>4</sup>
- **The extension also eliminates all of the fuel savings of the Administrations increase in fuel economy standards for light trucks through the year 2010.**

Public Citizen has challenged the AMFA extension in court, but **a legislative extension, being sought by the auto industry as part of the Senate energy bill, would render the litigation moot** – undermining fuel economy standards, and increasing oil consumption and greenhouse gas emissions.

**KEEP AN EXTENSION OF THE DUAL-FUEL LOOPHOLE OUT OF THE ENERGY BILL!**

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<sup>1</sup> *Report to Congress: Effects of the Alternative Motor Fuels Act CAFE Incentives Policy*, Department of Transportation, Environmental Protection Agency, and Department of Energy, March 2002, at 50 (citing *NRC Report* (Exh. 10)).

<sup>2</sup> *Report to Congress: Effects of the Alternative Motor Fuels Act CAFE Incentives Policy*, Department of Transportation, Environmental Protection Agency, and Department of Energy, March 2002, at ii, 31-32, 49.

<sup>3</sup> *Report to Congress: Effects of the Alternative Motor Fuels Act CAFE Incentives Policy*, Department of Transportation, Environmental Protection Agency, and Department of Energy, March 2002, at 42 (Table V-4).

<sup>4</sup> *Report to Congress: Effects of the Alternative Motor Fuels Act CAFE Incentives Policy*, Department of Transportation, Environmental Protection Agency, and Department of Energy, March 2002, at 44.