

Obama's Green-Car Plan Runs Into Alternative-Fuel Limits: Cars

Angela Greiling Keane and Jeff Green Feb 24, 2012 12:29 pm ET

Feb. 24 (Bloomberg) -- President Barack Obama's administration is buying fewer hybrid and electric cars and more vehicles that can consume both ethanol and gasoline to meet 2015 environmental goals, favoring older technology over new.

Obama gave speeches across the U.S. last year touting his twin goals of buying only alternative-fuel vehicles for the U.S. fleet by 2015 and getting 1 million electric vehicles on the country's roads by that year.

That's looking more difficult as the federal government learns the same lesson that U.S. car consumers have already figured out: it is tough being green. Rather than leading the way, the government has discovered that the high cost of hybrids and electric cars and their lack of availability often mean it makes more sense to buy cars with fuel-efficient conventional engines.

"You can say you're engaged in this behavior -- saving the world -- but it's not a true picture of what you're doing if the vehicles aren't using alternative fuels," said Rebecca Lindland, an industry analyst at IHS Automotive in Norwalk, Connecticut.

U.S. General Services Administration purchases of hybrid and electric models fell 59 percent in fiscal 2011 to about 2,645 as the federal fleet added 32,000 cars and trucks that can burn a fuel that's 85 percent ethanol, or E85 vehicles, when it's available.

Steeper Decline

The decrease in hybrid- and electric-vehicle buying compares with a 14 percent decline in overall GSA car and truck buying last year.

The Obama administration includes vehicles that can use either E85 ethanol-based fuel or gasoline in its definition of alternative-fuel vehicles.

"Agencies are well underway implementing those steps and fully on track to meet the president's order," said Taryn Tuss, a spokeswoman for the White House Council on Environmental Quality. The number of hybrid vehicles in the federal fleet almost doubled from 2009 to 2010, she said.

The problem is that buying and driving ethanol fueled cars solves very little. The GSA, which owns about a third of the federal fleet, said last year that 88 percent of its alternative-fuel vehicles are capable of using ethanol. Still,

ethanol fuel pumps are not very common and car owners, including the federal government, often have to use gasoline instead, said Lindland.

Fueling, Charging Stations

There are only about 2,512 ethanol fuel pumps available among the estimated 162,000 fueling stations that sell gasoline. There are about 6,033 electric charging stations, according to U.S. Department of Energy data.

The U.S. government, which has given automakers and suppliers money to develop electric-vehicle technologies, last year bought 2,645 hybrid, electric and fuel-cell vehicles, less than 5 percent of the 54,843 vehicles it bought, according to the data.

That's a decrease from the 9.5 percent average of all purchases for those models in fiscal years 2010 and 2009, when economic stimulus spending fueled \$300 million of fuel-efficient vehicle purchases for the federal fleet of about 600,000 cars and trucks.

"It is important that the federal government buy advanced- technology vehicles," such as hybrid and electric cars, Dan Becker, director of the Safe Climate Campaign, which advocates higher fuel-efficiency standards, said in a telephone interview. "It is disappointing that instead of buying as many advanced technology vehicles as they should," they're buying cars that run on gas and ethanol.

One Prius

The GSA purchases in fiscal 2011 included 145 General Motors Co. Chevrolet Volts, 12 percent of Ford Motor Co.'s Fusion hybrids sold in 2011 and even two-seat electric versions of Daimler AG's Smart car, according to GSA data obtained through a Freedom of Information Act request.

In the year ended Sept. 30, the U.S. government also bought 1,380 hybrid Fusions, 101 Honda Motor Co. Insight hybrids and one Toyota Motor Corp. Prius among its alternative-fuel vehicle purchases.

In 2010, federal employees received waivers to use gasoline in 55 percent of fleet vehicles capable of running on ethanol because the fuel wasn't available where the vehicle was used, the Government Accountability Office found.

Many of the estimated 70 vehicles for the 2011 model year that can use ethanol are trucks and sport-utility vehicles getting less than 20 miles per gallon when filled with gasoline.

Keep Pushing

About two-thirds of the U.S. government's vehicle fleet is owned or procured by the GSA. The other third belongs to the U.S. Postal Service, which does its own purchasing.

"Each year, we have procured thousands of fuel-efficient vehicles to replace older, less-efficient ones," Adam Elkington, a GSA spokesman, said in an e-mail. "Over the last three years, GSA procured vehicles that were on average 23 percent more fuel-efficient than the vehicles they replaced."

Even if the market environment is difficult, the Obama administration does need to keep pushing hybrid and electric car purchases within the federal fleet, Lindland said.

In 2010, the most-recent data available, the U.S. government's gasoline use rose to a 25-year high, increasing 3.3 percent to 50.3 trillion British thermal units, according to preliminary data compiled by the U.S. Energy Information Administration. Obama has said he wants to reduce U.S. oil imports, saying promoting greener vehicles is part of that strategy.

"They don't want to be accused of 'Do as I say, not as I do,'" said Lindland. "They will lose credibility if the government isn't leading the way."

--With assistance from Michael Callahan and Hans Nichols in Washington and Alan Ohnsman in Los Angeles.
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