

Leveling the Playing Field for Natural Gas in Transportation

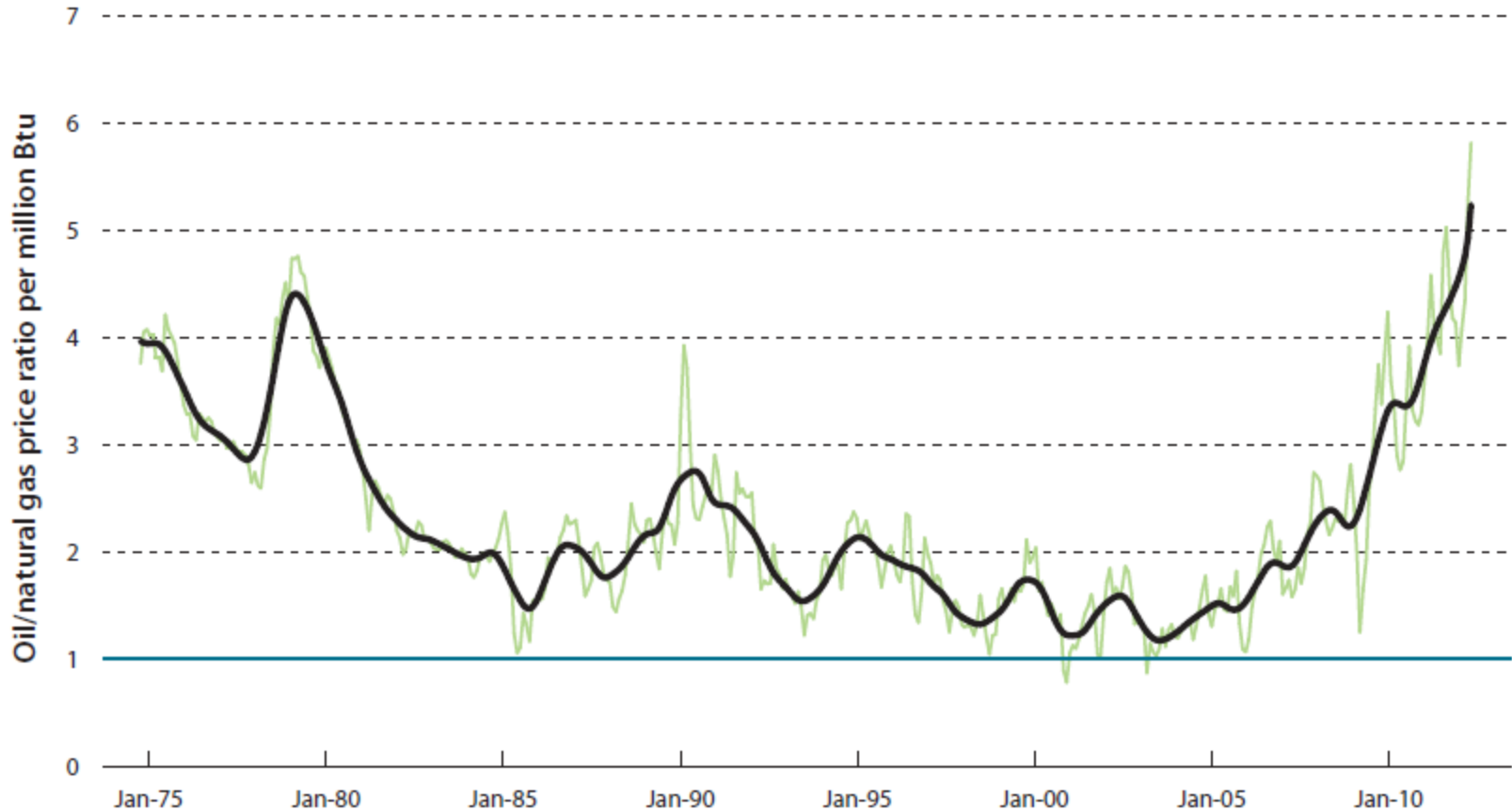
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The Price Gap between Oil and Natural Gas is at an All-Time High



Private Sector Opportunities for Natural Gas in Transportation

- Methanol (from natural gas) has similar features to ethanol
- CNG vehicles compare favorably to conventional gasoline and electric vehicles
- LNG trucks compare favorably to diesel trucks

External Costs and Benefits of Natural Gas

- Un-priced social costs are lower for natural gas
 - Greenhouse gases
 - Local pollution
 - Military
 - Macroeconomic costs
- Large infrastructure disadvantage
 - 120,000 gasoline stations versus 400 CNG stations

Policy A: Incentivize Infrastructure

1. Encourage home refueling by pricing natural gas for CNG vehicles at efficient rates
2. Allow natural gas utilities to open CNG stations to the public
3. Establish an industry consortium to investigate and coordinate on LNG refueling infrastructure

Policy B: Incentivize Vehicles/Fuel

4. Include methanol in the Renewable Fuel Standard
5. Mandate that a significant share of vehicles manufactured must be able to burn gasoline, ethanol, and methanol
6. Rationalize tax-credit system for alternative vehicles
7. Streamline the retrofitting certification process for gasoline vehicle conversion to CNG