

**California Clean Cars Campaign Briefing  
To the Environmental Caucus of the California Legislature  
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Good afternoon. My name is Elisa Odabashian. I'm the Director of the West Coast Office of Consumers Union, the nonprofit publisher of *Consumer Reports* magazine. As the California Air Resources Board prepares to vote on important updates to the Clean Cars Program, we applaud the Obama administration for raising fuel efficiency standards. This important development will help consumers save money, cut pollution, and reduce the nation's dependence on foreign oil. As President Obama stated, "For decades, we've left our economy vulnerable to increases in the price of oil. And with the demand for oil going up in countries like China and India, the problem is only getting worse. The demand for oil is inexorably rising far faster than supply. And that means prices will keep going up unless we do something about our own dependence on oil." By the way, in this same address, President Obama thanked the state of California for consistently being a leader on this issue.

Automakers have demonstrated that they know how to boost fuel economy. The technology is already on the roads, with powertrains like hybrids, electric, and clean diesels. And we're seeing the adaptation of direct injection, start-stop systems, new types of transmissions, and electric power steering and air conditioning systems for conventional cars. But the question is, are consumers ready to adopt the new technology?

*Consumer Reports'* national surveys of American attitudes on purchasing clean-car technology show that while most consumers care about the green in the environment, they care more, in this tough economy, about the green in their wallets. Eighty-seven percent of our random-sample survey respondents said that the number one reason for choosing a more fuel-efficient car is lower fuel costs.

Despite the fact that high gas prices are driving consumers to prioritize fuel efficiency with their next purchase, the economy has caused a significant drop in annual car sales, and consumers are driving older cars. While just 17 percent plan to purchase a car in the coming year, when they do buy their next car, nearly twice as many consumers (62 percent) expect to choose a model with much better or somewhat better fuel economy than those who expect to buy cars

with the same fuel economy (32 percent). Americans want their next car to deliver an average of 29 miles per gallon. Older drivers, women, and those from lower-income households expect even greater fuel economy. And to achieve significant fuel-economy gains, more than half of our survey respondents (53 percent) are willing to pay extra for a more efficient vehicle. Those consumers who are looking to downsize are motivated by improved fuel economy, lower maintenance and repair costs, environmental concerns and improved reliability, according to our surveys. Ultimately, every gallon saved helps not only consumers' wallets but also aids national fossil fuel conservation efforts and reduces emissions. These related goals can all be met by steering industry down the same road to efficiency.

The electrically powered cars now on the market, the Chevrolet Volt and the Nissan Leaf, will save consumers significantly in running costs. In addition to less or no fuel consumption, there are fewer maintenance costs such as oil changes or repairs associated with tailpipe exhaust. But consumers will have to pay higher purchase prices for the advanced technology (the battery alone in these electric cars costs about \$18,000). And plug-in cars are best for those who drive relatively limited distances (27-40 miles a day) and who can recharge their cars overnight at off-peak electric rates. Still the savings in operating costs are significant with plug-ins—the Chevy Volt costs about 4 cents per mile to run; the Nissan Leaf costs about 3 cents per mile to run in some areas. Compare that to a Toyota Prius (a hybrid), which costs 8.5 cents per mile to run, or compare that to my Volvo Cross Country station wagon, which costs about 16-17 cents per mile to run. And I should add there are many thrifty conventional non-hybrid models that cost less up front to purchase and can be smart choices in the long run, costing 11-12 cents per mile to run.

But after a decade of new clean-car technology, only 2.7% of the population buys hybrids, and emerging plug-ins are just a blip on the radar in terms of purchases (since the beginning of 2011, just 4000 units of the Chevy Volt have been sold). We have to consider the reasons that keep the numbers of adopters so low when the benefits to consumers are clear, in terms of long-term cost savings, reductions in emissions and less dependence on fossil fuels. The immediate benefits to consumers of driving electric vehicles are that they allow drivers to commute moderate distances using no gasoline and producing no tailpipe emissions. They can reduce overall driving costs for some people and can be charged by simply plugging them into a household wall outlet, although the time it takes to recharge depends on the vehicle and the electrical circuit. The downsides for consumers are that these cars cost more to purchase, require basic changes in driving habits, often some hefty household electrical work, have a limited driving range on electric power, and can take hours to recharge. Moreover, the life expectancy and replacement costs of the battery packs remain question marks, and in most regions of the United States, the ability to recharge in public areas is limited. Finally, in terms of overall environmental impact, electric cars offset emissions from the tailpipe to the power plant, which in some

areas is coal-fired. For an all-encompassing green effort, attention must be paid to making power plants cleaner too.

*Consumer Reports'* surveys paint a clear picture of a nation of consumers who feel it would be nice to drive a car that better protects the environment, but who are hit hard by economic concerns and are looking, first and foremost, for transportation savings. They are most moved by the car's purchase price and the miles per gallon it gets. Despite these concerns, however, consumers still prioritize safety and are willing to exchange fewer miles per gallon for greater safety. So the marketplace is driving automakers to continue to develop technologies that provide greater fuel economy and overall operating savings while maintaining safety. In parallel, the government must continue to demand stringent standards that drive innovation, incentivize advancement, and prevent the market from becoming complacent should gas prices go down in the years ahead. Such efforts will ensure smart choices for consumers that improve personal transportation while achieving national goals for reducing emissions and fossil fuel consumption. To ensure the adoption of new technologies that can achieve these goals, infrastructure along America's highways must be brought into the 21<sup>st</sup> century. Finally, consumers must be better educated about the dire stakes for America and the world of continuing to drive big, conventional, gas-guzzling vehicles. Together, consumers, government, and industry can satisfy mutual goals, and make the nation stronger and cleaner for it.