



For Immediate Release

For further information:
Yifei Zhang
(617) 933-7200

Natural gas vehicles may be more cost-effective in fighting climate change than electric vehicles, according to a study by LEI

BOSTON, August 3rd, 2010 - Governments could more cost-effectively target transportation-related greenhouse gas emissions by focusing on promoting natural gas vehicles (NGVs), according to a study by London Economics International LLC (LEI). Because a significant amount of US electricity generation is derived from coal, electric vehicles (EVs) result in greenhouse gas emissions in coal dominated electricity markets. NGVs may be 40% less expensive on a macroeconomic basis than EVs if targeted subsidies are used to bring the costs of alternative fueled vehicles to the equivalent of conventional ones. The cost advantage of NGVs relative to EVs means that although NGVs emit some greenhouse gas emissions when driven, when subsidies are evaluated in terms of dollars per ton of avoided emissions relative to conventional gasoline vehicles, NGVs are more cost effective.

“Among the factors which need to be considered when comparing NGVs and EVs are the delivered costs of electricity and natural gas, the extent of coal fired generation in the region, fuel economy, vehicle purchase costs, and modifications to fuel or electricity delivery systems in the home,” noted Yifei Zhang, one of the study’s authors. “NGVs are particularly competitive in states like Illinois, where natural gas is relatively cheap and much of the electricity consumed is generated using coal. This is not the case in states like Florida, where the reverse is true,” she noted.

LEI’s study found that on a national basis, a program designed to reduce greenhouse gas emissions from passenger vehicles by 20% would cost \$82 billion if targeted towards NGVs, but would rise to \$152 billion if targeted exclusively towards EVs. In either case, a quantum increase in the numbers of NGVs or EVs would be required relative to current levels. Presently, there are approximately 10 times as many NGVs as EVs on the roads in the US. LEI’s study is available on their website, www.londoneconomics.com.

Ms. Zhang points out that the study was not produced with support from any particular industry participant. Instead, expenses were shared between LEI and Columbia University’s Center for Energy, Marine Transportation, and Public Policy. Columbia is one of the leading US centers for the study of energy and environmental policy. More on CEMTPP can be found at <http://www.cemtp.org>.

#

- Page 1 of 2 -

London Economics International LLC (LEI) is a global economic, financial, and strategic advisory professional services firm specializing in energy and infrastructure. The firm combines detailed understanding of specific network and commodity industries, such as electricity generation and distribution, water and wastewater provision, and natural gas distribution, with a suite of proprietary quantitative models to produce reliable and comprehensible results. For further information on LEI, please contact A.J. Goulding at (617) 933-7200 or go to www.londoneconomics.com.

#