

UMTA'S ALTERNATIVE FUELS INITIATIVE PROGRAM

THANK YOU YOUR KIND INTRODUCTION. I WOULD ALSO LIKE TO THANK GEORGE H. UNZELMAN, THE CONFERENCE CHAIRMAN AND FREDERICK L. POTTER, PUBLISHER OF OXY-FUEL NEWS AND OCTANE WEEK, THE SPONSOR OF THIS CONFERENCE, FOR PROVIDING UMTA THIS OPPORTUNITY TO PRESENT OUR VIEWS RELATIVE TO CLEAN AIR AND THE ROLE OF PUBLIC TRANSPORTATION.

I BRING GREETINGS FROM DOT SECRETARY SAM SKINNER AND UMTA ADMINISTRATOR DESIGNATE BRIAN CLYMER. THEY CONGRATULATE YOU FOR YOUR INITIATIVE IN CONVENING THIS CONFERENCE. IT'S CERTAINLY TIMELY IN VIEW OF THE DISCUSSIONS IN CONGRESS ON NEW CLEAN AIR LEGISLATION THAT ARE CURRENTLY UNDERWAY. AND I MIGHT ADD THE COMPETITIVE SPIRIT IN ADDRESSING THIS ISSUE IS CLEARLY UNDERWAY. WITHIN THE LAST THREE WEEKS, UMTA HAS ADDRESSED THIS ISSUE BEFORE MEETINGS OF THE AMERICAN GAS ASSOCIATION, THE NATIONAL PROPANE GAS ASSOCIATION, AND TODAY, AT A CONFERENCE SPONSORED BY THE OXYGENATED FUELS ASSOCIATION.

THE QUALITY OF THE AIR THAT WE BREATHE IS A MAJOR ISSUE AS COMMUNITIES ALL ACROSS AMERICA ARE FACING A CRISIS IN TERMS OF TRAFFIC CONGESTION WHICH IS STRANGLING THE TRANSPORTATION NETWORKS OF OUR URBAN AND SUBURBAN AREAS, AND NOXIOUS EMISSIONS WHICH ARE CHOKING THE VERY AIR THAT WE BREATHE AND POLLUTING THE ENVIRONMENT. BOTH ARE HAVING SERIOUS IMPACTS ON THE VITALITY OF OUR AMERICAN CITIES AND WELL-BEING OF THEIR CITIZENS.

THIS IS NOT A NEW PROBLEM THAT HAS JUST BEEN RECENTLY UNCOVERED. THE IMPORTANCE OF OUR NATION'S ENVIRONMENT WAS RECOGNIZED ALMOST TWO DECADES AGO WITH THE PASSAGE OF THE NATIONAL ENVIRONMENTAL POLICY ACT IN 1970. YET, TODAY 100 METROPOLITAN AREAS FACE POTENTIAL SANCTIONS FOR FAILING TO MEET THE ENVIRONMENTAL PROTECTION AGENCY'S STANDARDS FOR OZONE AND CARBON MONOXIDE.

FURTHERMORE, WE NOW RECOGNIZE THAT THIS IS MORE THAN SIMPLY A DOWNTOWN PROBLEM. FORTY-FOUR STATES HAVE BEEN INFORMED TO TAKE STEPS TO MITIGATE MOTOR VEHICLE POLLUTION IN SUBURBAN AREAS THAT CONTRIBUTE TO THE URBAN AREAS FAILURE TO MEET CLEAN AIR STANDARDS. AS THE DISTINCTION BETWEEN URBAN AND SUBURBAN HAS BECOME BLURRED, WE HAVE COME TO TO THE REALIZATION THAT THIS IS REALLY NOT ONLY A REGIONAL PROBLEM, BUT IN FACT A NATIONAL PROBLEM. THE IMPACT IS EVEN FAR MORE REACHING WHEN ONE CONSIDERS THE IMPACT TO DISTANT LOCALITIES THROUGH ACID RAIN AND CLIMATIC CHANGES CAUSED BY THE GREENHOUSE EFFECT.

THE GREATEST CONTRIBUTOR TO OUR AIR QUALITY PROBLEM IS EMISSIONS FROM MOTOR VEHICLES. IT IS WELL RECOGNIZED THAT TRAFFIC CONGESTION INCREASES THE AMOUNT OF POLLUTION AS VEHICLES OPERATE IN IDLE OR LOW SPEED CONDITIONS. CURTAILING TRAVEL AND DEVELOPMENT COULD BE ONE SOLUTION. HOWEVER, THE SEVERE IMPACT OF STIFLED ECONOMIC DEVELOPMENT AND ACCESS TO JOBS MAKES THIS SOLUTION AS DAMAGING AS THE PROBLEM.

AS GOVERNOR ROMER POINTED OUT YESTERDAY, THE OBJECTIVE MUST BE TO SOLVE THE ENVIRONMENTAL PROBLEM BUT TO ALLOW ECONOMIC DEVELOPMENT TO CONTINUE. WE MUST FIND A CURE THAT'S BETTER THAN THE DISEASE.

AN EFFECTIVE SOLUTION COULD BE TO SHIFT TRAVEL BEHAVIOR TOWARD HIGHER OCCUPANCY MODES OF TRAVEL SUCH AS TRANSIT. WE AT UMTA HAVE ALWAYS BEEN SUPPORTIVE OF THIS OBJECTIVE AND HAVE MOVED TOWARDS REACHING THAT OBJECTIVE. I KNOW THAT THE TRANSIT INDUSTRY STANDS READY TO PROVIDE THE NECESSARY SERVICES TO ACCOMMODATE SUCH CHANGES IN TRAVEL BEHAVIOR.

HOWEVER, AMERICA'S LOVE AFFAIR WITH THE AUTOMOBILE IS A NATIONAL PHENOMENA. FURTHERMORE, THE PUBLIC'S PERCEPTION OF BUSES BEING SMOKY AND SMELLY MAKES IT EVEN MORE DIFFICULT TO CONVINCE PEOPLE TO RIDE BUSES. WE IN THE PUBLIC SERVICE SECTOR KNOW TOO WELL THAT PERCEPTIONS ARE JUST AS IMPORTANT AS REALITY. THE PUBLIC'S PERCEPTION OF BUSES MAKES IT HARD TO CONVINCE PEOPLE THAT THEY ARE DOING SOMETHING GOOD FOR THE ENVIRONMENT BY RIDING BUSES.

FOR A NUMBER OF REASONS--HARMFUL HEALTH EFFECTS OF DIESEL EMISSIONS, OPERATIONS IN CONGESTED CORRIDORS OF TRAVEL, EMISSIONS AT GROUND LEVEL, EPA ESTABLISHED EXTRAORDINARY EMISSION STANDARDS FOR TRANSIT BUSES THAT HAVE TO BE MET FOR NEW BUS PURCHASES IN 1991 AND THEREAFTER.

WHILE WE UNDERSTAND THE RATIONALE BEHIND THESE STANDARDS, THEIR IMPLEMENTATION IS PROVING EXTREMELY DIFFICULT TO MEET WITH CURRENTLY AVAILABLE DIESEL ENGINE TECHNOLOGY. ADDITIONALLY, THERE ARE SIGNIFICANT OPERATIONAL ISSUES WHICH MUST BE ADDRESSED, BUT WE VIEW THESE ISSUES AS CHALLENGES.

WE BELIEVE THAT THESE PROBLEMS CAN BE ADDRESSED, BUT ONLY WITH A COMPREHENSIVE AND COORDINATED APPROACH WHICH INTEGRATES THE LATEST TECHNIQUES OF TRAFFIC MANAGEMENT AND THE LATEST TECHNOLOGY IN EMISSIONS CONTROL. FURTHERMORE, IT WILL REQUIRE THE COMBINED EFFORTS OF ALL LEVELS OF GOVERNMENT AND ALL SEGMENTS OF THE PRIVATE SECTOR. YOUR EFFORTS IN CONVENING THIS CONFERENCE AS I NOTED EARLIER, IS AN EXAMPLE OF THE EFFORT THAT WILL BE REQUIRED FROM THE PRIVATE SECTOR.

WE BELIEVE THAT UMTA'S ALTERNATIVE FUELS INITIATIVE PROGRAM WHICH WAS ANNOUNCED A LITTLE OVER A YEAR AGO IS AN EXAMPLE OF SUCH A COOPERATIVE EFFORT-- AN EFFORT WHICH IS A CRITICAL ELEMENT IN ADDRESSING OUR NATION'S INTER-RELATED MOBILITY, AIR QUALITY, AND ENERGY SECURITY PROBLEMS. THE PROGRAM IS AIMED AT FIVE OBJECTIVES:

1. TO ENCOURAGE THE ADOPTION OF ALTERNATIVE FUELS IN A WIDE RANGE OF TRANSIT APPLICATIONS TO IMPROVE AIR QUALITY, REDUCE THE NATION'S DEPENDENCY ON FOREIGN SOURCES OF ENERGY AND INCREASE THE USE OF AMERICA'S NATURAL AND RENEWABLE ENERGY SOURCES.
2. TO ENHANCE SUBURBAN AND URBAN MOBILITY THROUGH INCREASED USE OF NON-POLLUTING TRANSIT SERVICES.
3. TO ENCOURAGE THE CREATION OF NEW JOBS THROUGH THE EXPANSION OF ALTERNATIVE FUEL PRODUCTION AND MARKETS.
4. TO ENCOURAGE PRIVATE ENTREPRENEURIAL OPPORTUNITIES FOR THE UTILIZATION OF NEW TRANSIT SERVICES USING ALTERNATIVE FUELS.
AND,
5. TO DOCUMENT ALTERNATIVE FUELS AS SAFE AND COST EFFECTIVE FOR A WIDE RANGE OF TRANSIT APPLICATIONS.

TO DATE WE HAVE RECEIVED OVER 50 INQUIRIES FOR ABOUT 600 ALTERNATIVE FUELED VEHICLES. OF THESE, OVER 30 ARE ACTUAL FORMAL APPLICATIONS FOR OVER 275 ALTERNATIVE FUELED VEHICLES.

WE ARE IN THE PROCESS OF COMPLETING A TOTAL OF ABOUT 25 AWARDS FOR A COMMITMENT OF ABOUT \$25 MILLION IN FEDERAL FUNDS. WE FEEL THAT THE AFI PROGRAM HAS BEEN A SUCCESS BASED ON THE CONTINUED SUPPORT THAT THE PRIVATE SECTOR HAS PROVIDED. OF THE GRANT AWARDS THAT HAVE BEEN MADE AND ANTICIPATED, OVER \$3 MILLION IN PRIVATE SECTOR FUNDS ARE INCLUDED.

AS YOU ARE AWARE, THE PRESIDENT'S CLEAN AIR ACT AMENDMENT PROVIDES STRONG DIRECTION WITH REGARD TO ALTERNATIVE FUELS. FOR METROPOLITAN AREAS OF OVER ONE MILLION, NEW BUS PURCHASES WILL HAVE TO BE ALTERNATIVE FUELED ON A PHASE-IN SCHEDULE OF TEN PERCENT IN 1991, TWENTY-FIVE PERCENT IN 1992, SIXTY PERCENT IN 1993, AND ONE HUNDRED PERCENT IN 1994 AND THEREAFTER.

ADDITIONALLY, FOR THE MOST SERIOUS OZONE NON-ATTAINMENT AREAS, A PROGRAM WOULD BE ESTABLISHED TO INCREASE THE NUMBER OF CLEAN-FUEL VEHICLES--500,000 VEHICLES IN MODEL YEAR 1995, 750,000 VEHICLES IN MODEL YEAR 1996, AND 1,000,000 VEHICLES PER YEAR FOR MODEL YEAR 1997 THROUGH 2004.

WE SUPPORT THE PRESIDENT'S PROPOSED AMENDMENTS AND BELIEVE THAT THE AMENDMENTS CAN REACH THE AIR QUALITY GOALS THAT PRESIDENT BUSH HAS SET. HOWEVER, IN SUPPORTING THE PRESIDENT'S APPROACH, WE ARE ALSO COGNIZANT OF ALL THAT IS NECESSARY TO MOVE AN INDUSTRY FROM A FUEL WITH WHICH THERE IS VAST EXPERIENCE TO A DIFFERENT TYPE OF FUEL, WHICH AT THIS TIME IS BASICALLY UNKNOWN. WE ARE AWARE OF THE INFRASTRUCTURE AND OPERATIONAL ISSUES THAT NEED TO BE ADDRESSED AND HAVE EVERY INTENTION OF DEVELOPING ANSWERS TO THEM.

THERE ARE APPROXIMATELY 550 TRANSIT FACILITIES SERVING OVER 300 TRANSIT AGENCIES. MORE IMPORTANTLY, OVER EIGHTY PERCENT OF OUR NATION'S TRANSIT AGENCIES OPERATE OUT OF A SINGLE FACILITY. THOSE WITH MULTIPLE FACILITIES CAN PHASE-IN CONVERSION. THOSE WITH SINGLE FACILITIES WILL HAVE TO INITIATE DUEL FUELING DURING A TRANSITION AND THIS COULD CAUSE SOME COMPLEX OPERATING CONDITIONS.

WE ARE WELL AWARE, AND YOU SHOULD BE AWARE AS WELL, OF THE CAPITAL INVESTMENT THAT WILL BE REQUIRED TO CONVERT EXISTING TRANSIT FACILITIES SO THAT THEY MAY SAFELY OPERATE AND MAINTAIN AN ALTERNATIVE FUELED FLEET.

THE CHANGE TO ALTERNATIVE FUELS MAY RESULT IN CHANGES TO ESTABLISHED TRANSIT OPERATING PROCEDURES. HOWEVER, BEFORE ONE CAN MAKE THESE CHANGES, THE INDUSTRY WILL NEED TO EVALUATE WHETHER THESE CHANGES, INDEED, HINDER THE PROVISION OF TRANSIT SERVICES.

THESE WILL CERTAINLY HAVE TO BE EXAMINED AT THE INDIVIDUAL TRANSIT AGENCY LEVEL. WE WILL TRY TO KEEP THE INDUSTRY INFORMED, AS YOU SHOULD AS WELL, BUT THE DECISION WILL BE A LOCAL ONE.

THE USE OF ALTERNATIVE FUELS ALSO FACES CHALLENGES FROM LOCAL PROHIBITIONS AND RESTRICTIONS THAT MAY, OR MAY NOT BE WARRANTED. THESE ARE LOCAL, BUT VERY REAL PROBLEMS. WE HAVE MUCH TO DO IN THIS AREA TO DETERMINE WHAT ARE APPROPRIATE REGULATIONS. WE HAVE BEEN IN CONTACT WITH THE NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION ON THIS ISSUE.

WE AT UMTA CONSIDER THE SAFE OPERATION OF TRANSIT PARAMOUNT FROM NOT ONLY A PASSENGER PERSPECTIVE BUT ALSO FROM A TRANSIT EMPLOYEE PERSPECTIVE. THE INDUSTRY SAFETY RECORD IS ONE THAT WE ALL CAN BE PROUD OF. THE TRANSIT INDUSTRY IS A LABOR INTENSIVE ONE AND ONE IN WHICH ITS WORK FORCE IS ITS GREATEST ASSET. UMTA HAS EVERY INTENTION OF ENSURING THAT THE HEALTH AND SAFETY OF TRANSIT'S WORKERS ARE NOT JEOPARDIZED BY THE INTRODUCTION OF ALTERNATIVE FUELS.

HOWEVER, WE ALSO WANT TO ALLEVIATE ANY MIS-PERCEPTIONS THAT MAY EXIST WITHIN THE INDUSTRY. TO THAT END, WE BELIEVE THAT APPROPRIATE TRAINING MEASURES WILL HAVE TO BE UNDERTAKEN TO ELIMINATE MISREPRESENTATIONS AND TO GUARANTEE TRANSIT'S SAFE OPERATION.

MANY CONSIDER ALTERNATIVE FUELS TO BE A CURE-ALL WHICH WILL MAGICALLY PROVIDE URBAN AND SUBURBAN MOBILITY, WHICH WILL CLEAN OUR NATION'S AIR, AND WHICH WILL PROVIDE US WITH ENERGY INDEPENDENCE. GREAT PROGRESS HAVE BEEN MADE IN DEVELOPING THE NECESSARY TECHNOLOGY TO MAKE ALTERNATIVE FUELED TRANSIT BUSES A REALITY.

HOWEVER, WE NEED TO BE REALISTIC AS WELL. WE MUST REALIZE THAT THIS TECHNOLOGY HAS NOT FULLY MATURED. THE PRECISE EMISSION CHARACTERISTICS, RELIABILITY, AND DURABILITY HAVE YET TO BE COMPLETELY DETERMINED.

THE PRESIDENT'S PROPOSED PHASE-IN SCHEDULE IS A REALISTIC APPROACH THAT PROVIDES THE OPPORTUNITY FOR THE TECHNOLOGY TO MATURE. IT ALSO PROVIDES THE NECESSARY THRUST AND COMMITMENT TO MOVE FORWARD ON THIS ISSUE.

THERE IS CERTAINLY MUCH MORE TO BE DONE BEFORE WE REACH THE DAY WHERE A NON-POLLUTING BUS IS THE NORM RATHER THAN THE EXCEPTION. WE WELCOME THE OPPORTUNITIES, AND THE CHALLENGES. AND WE HOPE THAT OTHERS IN THE PRIVATE SECTOR WILL ALSO WELCOME THE OPPORTUNITIES AND THE CHALLENGES PRESENTED.

AS OUR "MARTIAN" FRIEND LEARNED FROM THE DISTINGUISHED PANEL YESTERDAY, THE SOLUTION TO OUR NATION'S AIR QUALITY PROBLEMS SHOULD BE DETERMINED UTILIZING THE ENTREPRENEURIAL CAPACITY OF THIS COUNTRY OPERATING IN A FREE MARKET ECONOMY. AND I BELIEVE THIS HAS BEEN HAPPENING.

AS I NOTED EARLIER, OVER \$3 MILLION IN PRIVATE SECTOR FUNDS ARE INVOLVED IN THE 25 PROJECTS AWARDS THAT WE HAVE OR ARE PROCESSING. HOWEVER, ALMOST ALL OF THAT \$3 MILLION IS COMING FROM LOCAL NATURAL GAS UTILITIES, AND NOT SURPRISINGLY, THE MAJORITY OF OUR PROJECTS ARE FOR CNG VEHICLES. WHILE THIS REPRESENTS A SHINING EXAMPLE OF A PUBLIC/PRIVATE COOPERATIVE EFFORT IN ADDRESSING A NATIONAL ISSUES, THE PROGRAM RESPONSE DOES NOT REFLECT THE FULL MARKET OPPORTUNITY.

WE ENCOURAGE A MORE ACTIVE PARTICIPATION IN UMTA'S AFI PROGRAM FROM THE OTHER INTERESTS REPRESENTING ALTERNATIVE FUELS, SUCH AS THE OXYGENATED AND ALCOHOL FUELS INDUSTRY.

THE NATURAL GAS INDUSTRY HAS DEMONSTRATED THAT THERE ARE AMPLE OPPORTUNITIES FOR CONSTRUCTIVE PARTNERSHIPS BETWEEN THE PRIVATE SECTOR AND GOVERNMENT THAT ARE MUTUALLY BENEFICIAL IN MEETING THE CHALLENGES FACING US. WE WANT OTHERS TO FOLLOW THEIR EXAMPLE.

I HOPE THAT WE WILL HAVE YOUR SUPPORT TOWARD ACHIEVING THAT GOAL.

THANK YOU.

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