CARBON FIELD OF DREAMS

TWENTY YEARS AGO, American filmgoers embraced the feel-good story of “Field of Dreams.” The movie was filmed in Dyersville, Iowa, where, less than a year ago, one of the largest ethanol refineries in the U.S. opened. VeraSun Energy planned to run the operation round-the-clock, yet, just two months after the plant’s opening, VeraSun filed for bankruptcy protection and closed the facility — along with many others around the country.

Wall Street Journal columnist Max Schulz observed that ethanol (like “Field of Dreams”) required consumers to suspend disbelief as “policymakers blurred the lines between economic reality and a business model built on fantasies of a better environment and energy independence through ethanol.”

The dual pressures of energy and environment seem to evoke this wishful thinking. Hence, ideas such as “clean coal” take hold. Carbon capture and sequestration (CCS) is being identified as the answer to global warming, utilizing cheap and plentiful coal. Unfortunately, there isn’t a single major coal-burning power plant using this technology in the world today.

The reason isn’t recalcitrance; it’s basic business. CCS technology is expensive and unproven. Although costs might decrease if CCS use develops, the amount is unknown, and nobody is saying who should bear the expense in the interim.

The political realities are evident in the proposed American Clean Energy and Security Act of 2009. Permits will be given away to appease coal factions. The single largest user of oil — transportation — is targeted for further study and planning. Kicking this can down the road is not a solution. The European Union’s experience has shown how difficult it is to deal with transportation issues in a cap-and-trade framework.

It is critical to the transportation sector that energy and environmental policy be aligned with transportation legislation. Any type of carbon pricing will impact the cost of production, and it could drastically change revenue streams. It is difficult enough to make decisions with complete information; it is impossible to do so with so many unknowns.

Surface freight authorization expires in less than three months. Many experts believe this bill represents our last chance to get it right. This will only happen, however, if energy policy is aligned with transportation. We can only hope for clarity of purpose. 

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