

Re: Viable hydrogen vehicle by 2010

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>Energy is a strategic resource. That means its cost impacts the rate
>at which the economy grows or doesn't grow. Look at the price changes
>over the past 30 years following the rise of OPEC. There is a clear
>correlation between the cost of primary energy and the rate of
>economic growth. Plainly providing a subsidy that hides the true
>cost of a technology that in the end increases the cost of energy is a
>recipe for economic disaster.
>

Energy throughout history has always cost something. In the past, when gasoline was more expensive in current dollar terms, the economy still grew and became more efficient. As the economy became more efficient, more efficient ways of getting oil out of the ground and getting gasoline from that oil became available. But when you get down to it, no matter what technology was applied, the Middle East always had more oil than we did so the technology made getting oil from the middle east just as much cheaper as getting it on our own territory. The problem with switching energy sources is that hydrogen cannot compete with gasoline, since there is no current profit from the manufacture of hydrogen for cars, there is no incentive to make the extraction of hydrogen gas less expensive while there is plenty of incentive to make the extraction of crude oil from the middle east and the extraction of gasoline from that oil less expensive. All these savings of course go into the pockets of the OPEC member nations instead of our own. I'd rather not look at the oil that OPEC has to sell. You see there is always the threat of real cheap oil that prevents us from developing alternate energy sources in the private market. Oil has a huge downside risk, so no one would dare compete with OPEC too much. Now OPEC can always tighten the oil supply and retrieve revenue from us while keeping down competition from us by threatening to produce under our costs if we do.

Government can come to the rescue with an industrial policy that makes gasoline gradually more expensive and makes hydrogen less so. Part of the hydrogen subsidy can come from a gas tax, but the majority must come directly from the taxpayer because private industry will not deliberately lose money they way the government must to make this happen. the cost will slow growth for a time, but then the economy will become more efficient in other areas to compensate. One way it will compensate would be by producing more power plants. A hydrogen economy would have a greater electrical demand than now, so the power companies

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will build more power plants to meet the demand. If there are enough power plants, then the price of electricity will go down and this will reduce the cost of hydrogen. One result of the hydrogen economy is that ultimately your electrical utility bills will drop as the power companies will scramble to generate electricity more efficiently to meet demand.

Tom