

My Take: Cash For Clunkers and Crush For Credit

Written by Jane Alexander, Editor-In-Chief
Wednesday, 01 April 2009 00:00



Jane Alexander, Editor-In-Chief Tuesday, April 7, as I thought I was putting the finishing touches on this column about some exciting motor news, I took a few minutes to scroll through the online edition of the New York Times. In the Opinion section, an editorial entitled "Cash for Clunkers"* caught my attention. Its focus was on a movement in Congress to help take gas-guzzling clunkers off the nation's roads and replace them with more fuel-efficient models. According to the editorial writer(s), while this idea has benefits for both the environment and our troubled auto industry, there's a right and wrong way to get it done.

The "right" way, the Times contends, is via some bipartisan efforts coming out of the Senate and House that would provide vouchers worth up to \$4000 to drivers who turn in older vehicles that get 18 miles per gallon or less and buy new or used ones that exceed the corporate average fuel economy for vehicles in their class by 25%. Together, these two requirements guarantee considerable energy savings and significant reductions in carbon dioxide.

Sounds good, just like the "Energy-Efficient Motor Rebate Proposal," sponsored by Senator Blanche Lincoln of Arkansas that appears to be working its way through Congress. Also characterized as a "crush for credit" plan, it would direct the U.S. Department of Energy to create an Energy-Efficient Motor Rebate Program for the purchase of high-efficiency electrical motors. What's not to love about that?

Such a program would provide a \$25/hp rebate to the end user for certain high-efficiency motors, as well as a \$5/hp rebate for those who disassemble and dispose of the old motor being replaced. The subsidy would be provided through distributors, who would be responsible for documenting new motor sales and properly disposing of old units. The program would apply to

My Take: Cash For Clunkers and Crush For Credit

Written by Jane Alexander, Editor-In-Chief
Wednesday, 01 April 2009 00:00

electrical motors used in a vast range of industrial and commercial applications—motors that help consume a whopping 30-40% of the electricity used in America.

As our April issue goes to press, this proposal—strongly supported by National Electrical Manufacturers Association (NEMA) and American Council for an Energy Efficient Economy (ACEEE)—has already passed unanimously through the Senate Energy and Natural Resources Committee and is headed for the Senate, then over to the House. End users across the country have a lot riding on its successful journey.

That's because the 2007 Energy Bill mandated higher motor efficiencies beginning December 2010— a requirement expected to raise initial motor costs by an estimated 10-15%. Senator Lincoln's proposed motor rebate program is designed to bridge the gap between the cost of new high-efficiency motors and the repair of older, more inefficient units built before the Energy Policy Act of 1992.

Stay tuned about the Lincoln legislative initiative, as well as a proposed \$15/hp tax credit to users for premium motors that is working its way through the Senate Tax Committee. (It also includes a \$75/hp credit to end users for premium motor + drive and \$150/hp credits [to OEM or user] for advanced technology like IPM motors.) If passed, both of these "crush for credit" plans should save energy, strengthen jobs and provide economic stimulus. Like cash for four-wheeled clunkers, that sounds very, very good — for all of us!



*

www.nytimes.com/2009/04/07/opinion/07tue2.html?scp=4&sq=cash%20for%20clunkers&st=ce