

***** EXAMINATION *****

WHY SUBSIDIZING ALTERNATIVE FUELS IS NOT SENSIBLE

1. **A 1994 API report estimated subsidy cost for alternative fuels was:**
 - a) 10 million dollars
 - b) 50 million dollars
 - c) 500 million dollars
 - d) 1 billion dollars

2. **Government subsidies:**
 - a) distort the true cost of alternative fuel vehicles
 - b) tend to inflate the true cost of the alternative fuel
 - c) produce the most cost-effective technology
 - d) None of the above

3. **The Energy Policy Act of 1992:**
 - a) provided subsidies for alternative fuel vehicles
 - b) provided rebates to oil production investors
 - c) provided rebates to alternative fuel vehicles
 - d) All of the above

4. **The result of reducing fuel excise taxes for alternative fuels is:**
 - a) there is less traffic
 - b) the cost of oil rises
 - c) the loss in revenue must be made up by other taxes
 - d) All of the above

5. **Subsidies of alternative fuel use may have the effect of:**
 - a) increasing alternative fuel costs
 - b) backing a less promising technology
 - c) giving the oil industry an incentive to increase prices
 - d) None of the above

6. **The removal of price controls in the early 1980's:**
 - a) caused a drop in the price of crude oil
 - b) caused shortages to be removed
 - c) caused a stabilization of the price of gas at the pump
 - d) All of the above

7. **Energy security cost rise because:**
- a) the crude oil supply is controlled by a cartel
 - b) the cost of a military presence in the Middle East
 - c) of supply interruptions associated with political instability
 - d) All of the above
8. **Monopoly profits can be offset by:**
- a) an embargo
 - b) large buyers setting tariffs on the oil imports
 - c) competition from non-cartel producers
 - d) All of the above
9. **A disadvantage of OPEC significantly increasing prices is:**
- a) political instability
 - b) inability to defend their refineries
 - c) some members have substantial investments in the US
 - d) None of the above
10. **In 1995, OPEC's per cent of world oil production was:**
- a) 11%
 - b) 30%
 - c) 45%
 - d) 60%
11. **The fallacy of LPG as an alternative fuel source is:**
- a) the price of LPG widely varies
 - b) LPG is a petroleum by-product and competes in the same market
 - c) the availability of LPG is minimal
 - d) None of the above
12. **If a large-scale substitution of CNG for gasoline occurred:**
- a) the price of natural gas in the US would increase.
 - b) we would have to import LNG from other countries
 - c) a substantial amount of this gas would come from the Middle East.
 - d) All of the above
13. **The problem with methanol as an alternative fuel is:**
- a) besides petroleum, it would compete with other alternative fuels
 - b) since it is imported from the Middle East, the price stays low
 - c) the price surge in 1994 enabled it to compete with oil
 - d) None of the above
14. **The constituents of smog include:**
- a) ozone
 - b) nitrogen oxides
 - c) volatile organic compounds
 - d) All of the above

15. **The alternative fuel source with highest ozone reduction are:**
- a) methanol
 - b) ethanol
 - c) electricity
 - d) None of the above
16. **LPG and CNG vehicles reduce carbon monoxide:**
- a) up to 10%
 - b) about the same as methanol
 - c) except in new lower emission vehicles
 - d) None of the above
17. **Electric vehicles:**
- a) reduce all vehicle emissions
 - b) success would result in greater emissions at the power plant
 - c) are inefficient because of current battery technology
 - d) All of the above
18. **When the demand for alternative fuel vehicles increases:**
- a) the demand for other goods decreases
 - b) the demand for automobiles would also increase
 - c) business would have lower transportation costs
 - d) the demand for jobs increases
19. **Synthetic Fuels Corporation was:**
- a) created by the government
 - b) promoted alternative fuel development
 - c) cost the taxpayers billions of dollars
 - d) All of the above
20. **Electricity as a substitute for oil:**
- a) is solely dependent on oil for production of energy
 - b) cannot compete for vehicle power because of battery technology
 - c) is too expensive to produce from coal
 - d) None of the above

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