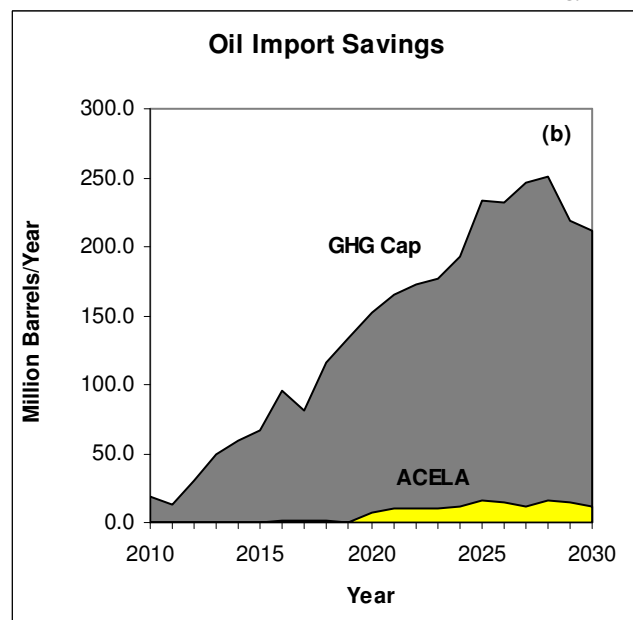
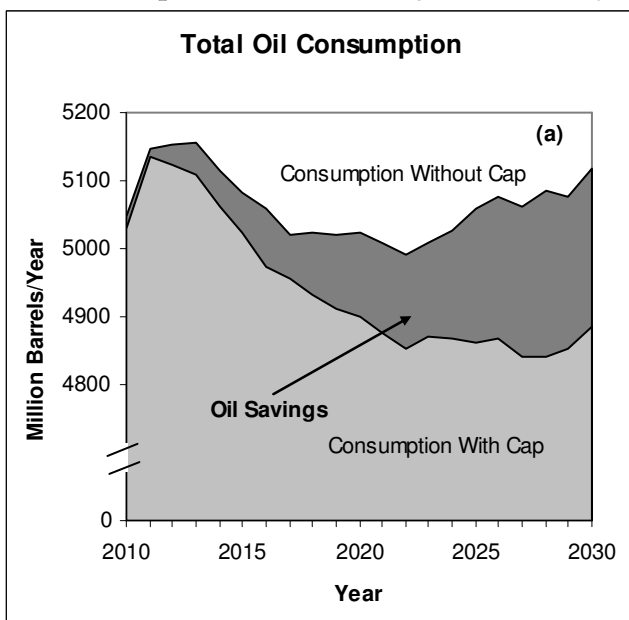


Capping GHG Pollution Will Reduce Oil Use and Imports

Another Incomplete Energy-Only Bill Won't

The U.S. consumes almost 15 million barrels of crude oil a day, two-thirds of it imported at a cost of nearly \$1 billion per day in 2008.¹ This is bad for our economy, bad for national security — and as the BP Oil Disaster in the Gulf of Mexico makes painfully clear — bad for our environment.

The solution is to use less oil and make the shift to cleaner, safer alternatives. A cap on carbon will begin to break our dependence on oil and fundamentally restructure the economic incentives around energy.



Sources: Charts based on data from EIA analysis

- According to the Energy Information Administration (EIA), putting a declining cap on carbon pollution² will drive down overall U.S. crude oil use by **120 million** barrels per year in 2020 and **234 million** barrels per year in 2030 as consumers shift to cleaner, safer alternatives — providing the US annual savings of about **\$20 billion** in the year 2020 alone and rising to **\$60 billion** in 2030.³ *And 90% of these savings in 2030 are coming from reduced imports.* This occurs even as the economy is projected to grow **about 70%** by 2030.⁴ See graph (a).
- In contrast, the Senate's incomplete energy-only bill (ACELA) would only reduce oil imports by 12.3 million barrels in 2030 — that is **less than 6% of the import reductions** achieved under a bill that puts limits on carbon pollution.⁵ Furthermore, ACELA would achieve these reductions by opening up protected areas to new offshore drilling. Without the new drilling provisions, ACELA does nothing to reduce oil imports — and with or without new drilling, it does nothing to reduce overall oil consumption. See graph (b).

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- ¹ Calculations based on data from the Energy Information Administration. Crude oil imported (3.58 billion barrels): http://tonto.eia.doe.gov/dnav/pet/pet_move_impcus_a2_nus_epc0_im0_mbb1_a.htm; Imported crude oil price (\$92.61 per barrel): http://www.eia.doe.gov/oiaf/aeo/excel/aeotab_12.xls; and Total US crude oil use (5.39 billion barrels or ~15 million barrels per day): <http://www.eia.doe.gov/oiaf/service/rpt/hr2454/index.html> (reference case spreadsheet). Percentage of imports calculated by dividing total U.S. crude oil imports by total crude oil use: $3.58 \div 5.39 = 0.66$, 66%. Cost per day of oil imports calculated by multiplying the average price of crude oil in 2008 by total daily imports: $\$92.61 \times (3.58 \text{ billion}/365 \text{ days}) = \$908,339,178$.
- ² These figures are taken from EIA's analysis of HR2454. Although EIA evaluated a number of the bill's provisions in addition to the carbon-pollution cap, those non-cap provisions have little if any impact on oil consumption. Specifically, in addition to the cap, EIA's analysis included the bill's provisions on building codes; appliance efficiency standards; a renewable energy/efficiency standard; CCS early deployment incentives; and smart grid. While several of these provisions could reduce electricity consumption, EIA's analysis indicates that only 4% of the *total* oil-consumption reductions come from the electricity sector; much of that 4% would come from the cap rather than the other provisions. EIA explicitly noted that its analysis did not include the bill's efficiency standards for transportation equipment.
- ³ Calculations based on data from the Energy Information Administration: <http://www.eia.doe.gov/oiaf/service/rpt/hr2454/index.html> (reference and base cases). Savings are the sum of crude oil production and net imports and are expressed in 2007 dollars.
- ⁴ EDF Climate Economics Brief. October 2009. http://www.edf.org/documents/10458_EDF_Cost-Brief_Oct2009.pdf
- ⁵ EDF calculation based on Energy Information Administration data. <http://www.eia.doe.gov/oiaf/aeo/otheranalysis/ongr.html>. EIA uses the Minerals Management Service estimate of 18 billion barrels of oil (bbo) in all currently off-limits OCS areas (Eastern Gulf of Mexico, Atlantic, and Pacific areas). EIA found that opening all of these areas would yield 0.16 million barrels of oil per day (58.4 mbo per year) in 2030. According to the Senate Energy and Natural Resources Committee, the provisions of ACELA access 3.8 bbo (approximately 21% of the total oil in off-limit areas). So, ACELA can be expected to access 21% of 58.4 million barrels in 2030 which is 12.264 million barrels. Finally, $12.264 \text{ mbo} \div 212 \text{ mbo}$ (the expected amount of crude oil imports we will reduce under a cap) = 5.8%.