

Common Sense Energy Policy: Short-term Needs, Long-term Solutions

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NOVEMBER 18, 2009



Consumer Energy Alliance: Who We Are & What We Do

- Non-Profit, non-partisan organization
- Work with elected leaders, stakeholders & consumers to create balanced energy policy & maintain stable energy supplies & prices
- Create mechanisms for broad public input on crucial energy issues
- Share facts & move debate outside the Beltway
- Expand dialogue between energy producers/deliverers & consumers
- Goals: Improve understanding; Give American consumers & the private energy sector a voice; Educate Congress & policy-makers regarding development of U.S. resources; Promote balanced energy policy for America



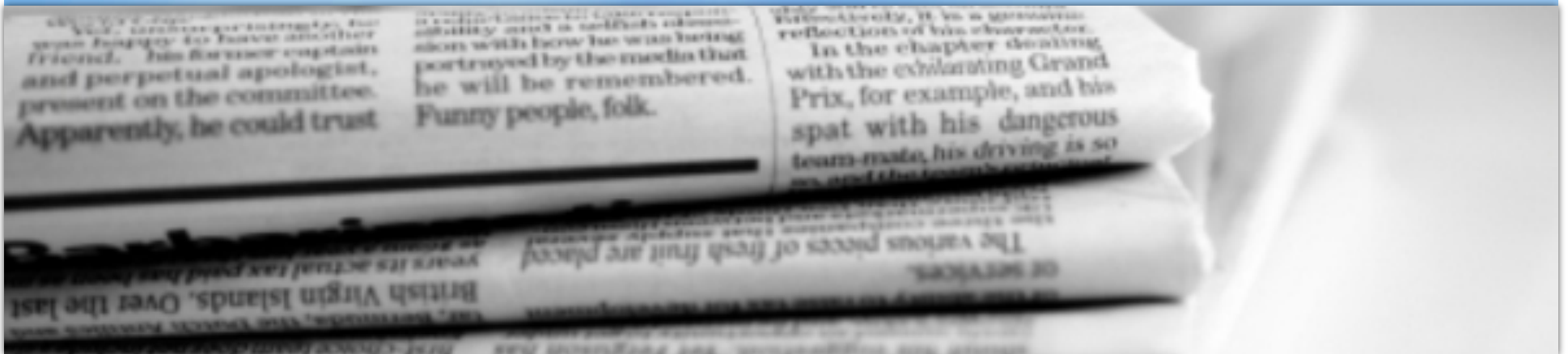
Who joins CEA?

- Horizontal approach with 125-plus affiliated organizations
- 250,000-plus consumer-advocates nationwide
 - Energy Industry (Upstream & Downstream)
 - Alternative Energy
 - Small Business
 - Retirees
 - Military
 - Travel & Tourism
 - Highway Users
 - Manufacturing
 - Trucking & Food Distribution
 - Home Builders
 - Restaurants
 - Geology
 - Publishing
 - Academia
 - Elected Officials



CEA Priorities & Initiatives

- Continue building a nationwide network of supporters through increased educational outreach for balanced energy policy:
 - Editorial placement, talk radio, TV & expanding social media, including CEA Blog
 - Increasing bipartisan Congressional outreach
- Greatly expanding policy & outreach activities during 2010:
 - Chapters in Key States
 - Supporting balanced energy policy & stable supply & prices
 - Pushing to increase access for offshore & onshore development
 - Targeting state & national campaigns against Low Carbon Fuel Standard
 - Initiating Oceans Policy Campaign for balanced oceans governance
 - Promoting hydraulic fracturing to maintain stable energy supply & prices



Energy Drives the American Economy

But Supply Not Keeping Pace....

- Petroleum powers our transportation sector
- Natural gas is feedstock for chemicals, plastics
- Natural gas is increasingly used for electricity generation
- Since 1980, U.S. energy demand has increased by 30%
- U.S. energy supply has increased by only 15%
- Since 1995, U.S. energy consumption has increased by 12%
- U.S. energy supply has increased by only 1%



How Energy Affects Americans

- Seniors are greatly affected by volatile energy costs
 - Fixed incomes; Higher percentage of income spent on energy
 - Older households – 20% of U.S. total consumption on energy-related products
- Trucks help keep America moving
 - Individual long-haul drivers average 100,000-110,000 miles/year
 - 2.9 million Class 8 trucks & 580,000 employers (interstate motor carriers) in U.S.
 - U.S. trucking industry hauled 69% of total U.S. freight – 2006
- Agriculture is America's #1 export
 - 21 million agriculture employees & 2,204,792 U.S. farms – 2007
 - U.S. farmers spent \$12.9 billion on gasoline and fuel costs – 2007
- Airlines are essential to the economy
 - \$1.142 trillion economic output & 10.2 million jobs – 2006

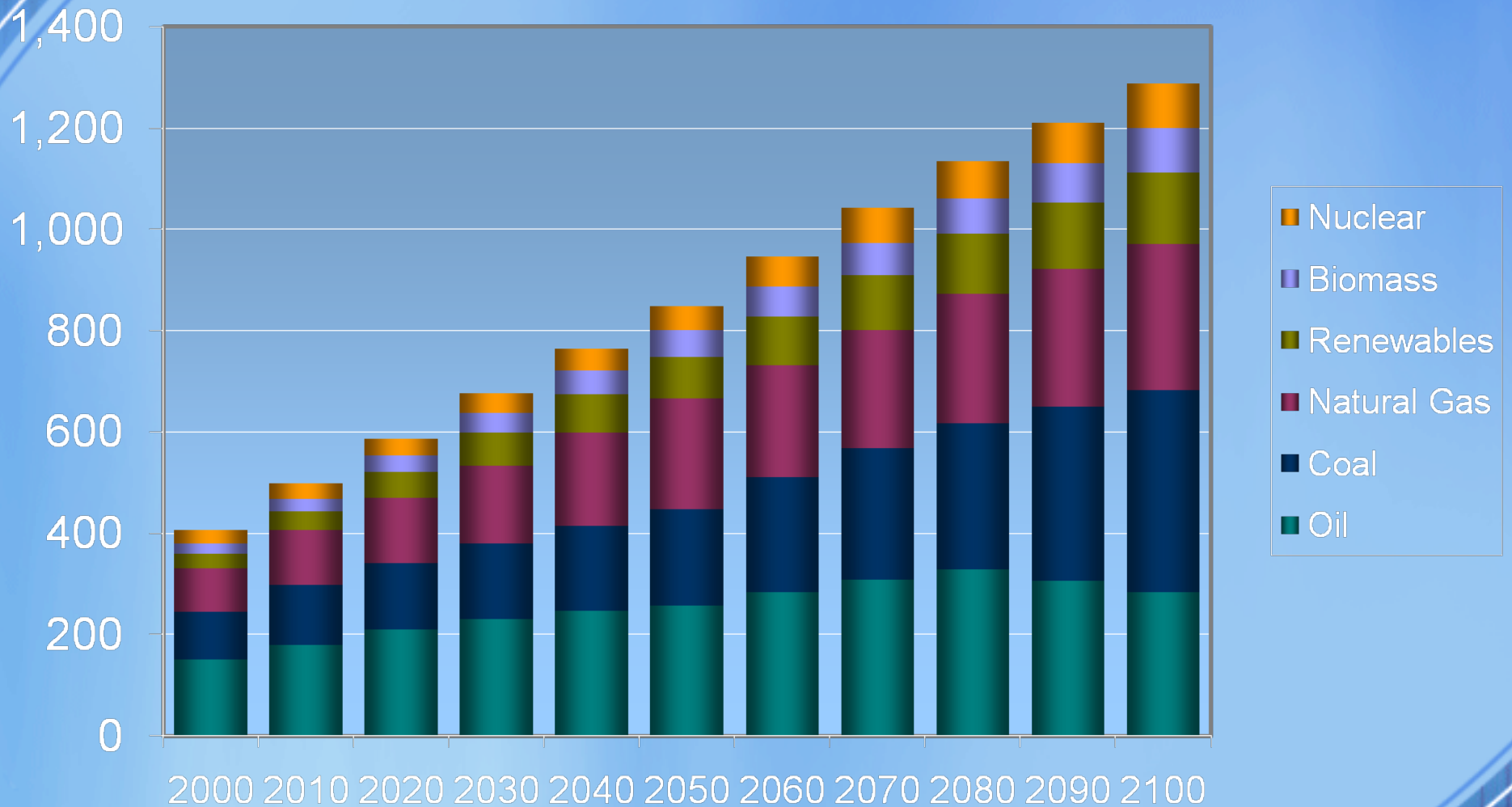


Energy Projections to 2040/2050

- The U.S. Energy Information Administration estimates that oil imports through 2030 could cost the U.S. \$8.5 trillion
- Currently, alternative energy represents about 7% of demand
- Alternative energy is expected to increase only 8-10% by 2030, according to the International Energy Agency (IEA) & others
- Oil and natural gas are needed for the next couple of decades to provide bridge to an alternative energy future



Projected World Primary Energy Demand



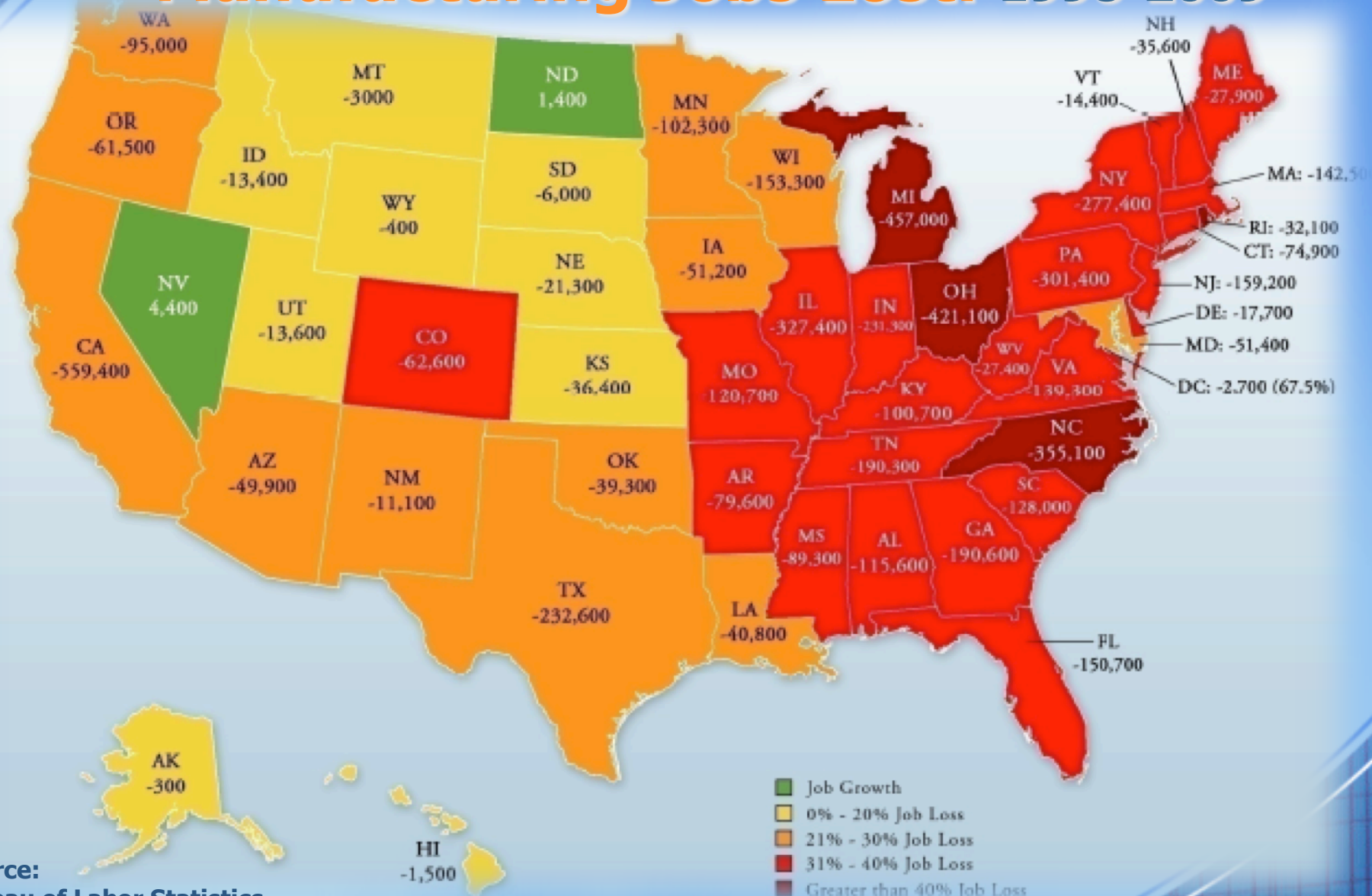
Source: Battelle Global Energy Technology Strategy Project; Climate Change Science Program. 2007, *Scenarios of Greenhouse Gas Emissions and Atmospheric Concentrations (MINICAM Results)*.

How Energy Affects Jobs & Economy

- 2.9 million manufacturing jobs lost due to high energy prices
- 100,000+ chemical industry jobs lost & 100+ chemical facilities closed
- 182,000 forest & paper industry jobs lost & 232 mills closed
- 36% fertilizer industry shut down or mothballed
 - Source: American Chemistry Council
- Opening U.S. offshore areas to development would mean more JOBS
- Would create additional revenue for federal, state & local governments



Manufacturing Jobs Lost: 1998-2009



Source:
Bureau of Labor Statistics

Source: Bureau of Labor Statistics

U.S. Offshore Opportunities

- If U.S. offshore oil & gas leasing is developed, this could lead to:
 - 86 billion barrels of oil and 420 trillion cubic feet of natural gas undiscovered technically recoverable resources in federal offshore areas
 - More than 160,000 well-paying new jobs
- Offshore resources in U.S. waters could create as much as \$1.7 trillion in additional revenue for federal, state & local governments
- 325,000-plus comments SUPPORTING development of U.S. offshore oil & gas were recently received by U.S. Minerals Management Service during a recent comment period regarding a new 5-year program for offshore development
- Nearly 70% of the total comments received by MMS SUPPORTED development



Opposition & Obstacles

- Impact on Energy Development:
 - Access to & development of domestic energy resources
 - Reduce energy use by destroying demand & eliminating reliance on coal & oil
- Both President Obama & leadership in Congress are committed to regulating carbon emissions in order to reduce global climate change
 - If Congress fails to enact legislation on either Cap-and-Trade program or Low Carbon Fuel Standard, EPA will move to set up programs administratively
- Ocean Policy Task Force could result in zoning of the oceans
 - created to propose policies for management of U.S. oceans & coasts, including resources & activities within those waters



All Energy Initiatives Under Assault: Wind, Hydro, Solar, Oil, Wave, Gas & Nuclear

- "Tiny Bat Pits Green Against Green: Wind farm could cut carbon, but could it also kill endangered species?"
 - *Washington Post*, Oct. 22, 2009
- "Scientists Study Birds Killed By Wind Turbines"
 - *WFAA-TV*, Oct. 13, 2009
- "Town Manager Concerned With Wind/Solar Farms' Water Use"
 - *White Mountain Independent*, Oct. 6, 2009
- "Boom in Hydropower Pits Fish Against Climate"
 - *Fox 13 Seattle/Tacoma*, Oct. 8, 2009
- "Wave-Power Proposals Alarm Locals"
 - *The Christian Science Monitor*, March 4, 2008
- "Must the Natural Gas Industry Clean Up Its Act?"
 - *Reuters*, Oct. 13, 2009
- "Nuclear Power: A Dangerous Waste of Time"
 - *Greenpeace*, April 20, 2009
- "Federal Scientists: Limit Offshore Drilling Plans"
 - *Los Angeles Times*, Oct. 12, 2009



Why We Must Secure Energy Sources

- Energy = Jobs!
 - Energy impacts overall economy – sensible energy policy spurs economic growth
 - Oil & gas industry supports more than 9 million American jobs
 - Oil & gas industry made a total value-added contribution to the American economy that was more than \$1trillion, or 7.5% of the U.S. GDP in 2007
- Increasing energy costs and destabilizing price volatility are at the core of some of the country's most pressing security and economic issues
- Increasingly unstable energy prices are likely to continue to rise as supplies tighten and long-term speculators impact the market as they face troubling global energy realities



What's At Stake

- We Need It All
- Secure domestic energy at affordable prices
- National energy policy that utilizes all domestic energy resources and decreases imports of oil & natural gas
- Access to onshore and offshore oil & natural gas resources
- Opportunity to address common misconceptions about the energy industry among the consuming public
- Long-term national energy security and stabilized prices for energy consumers



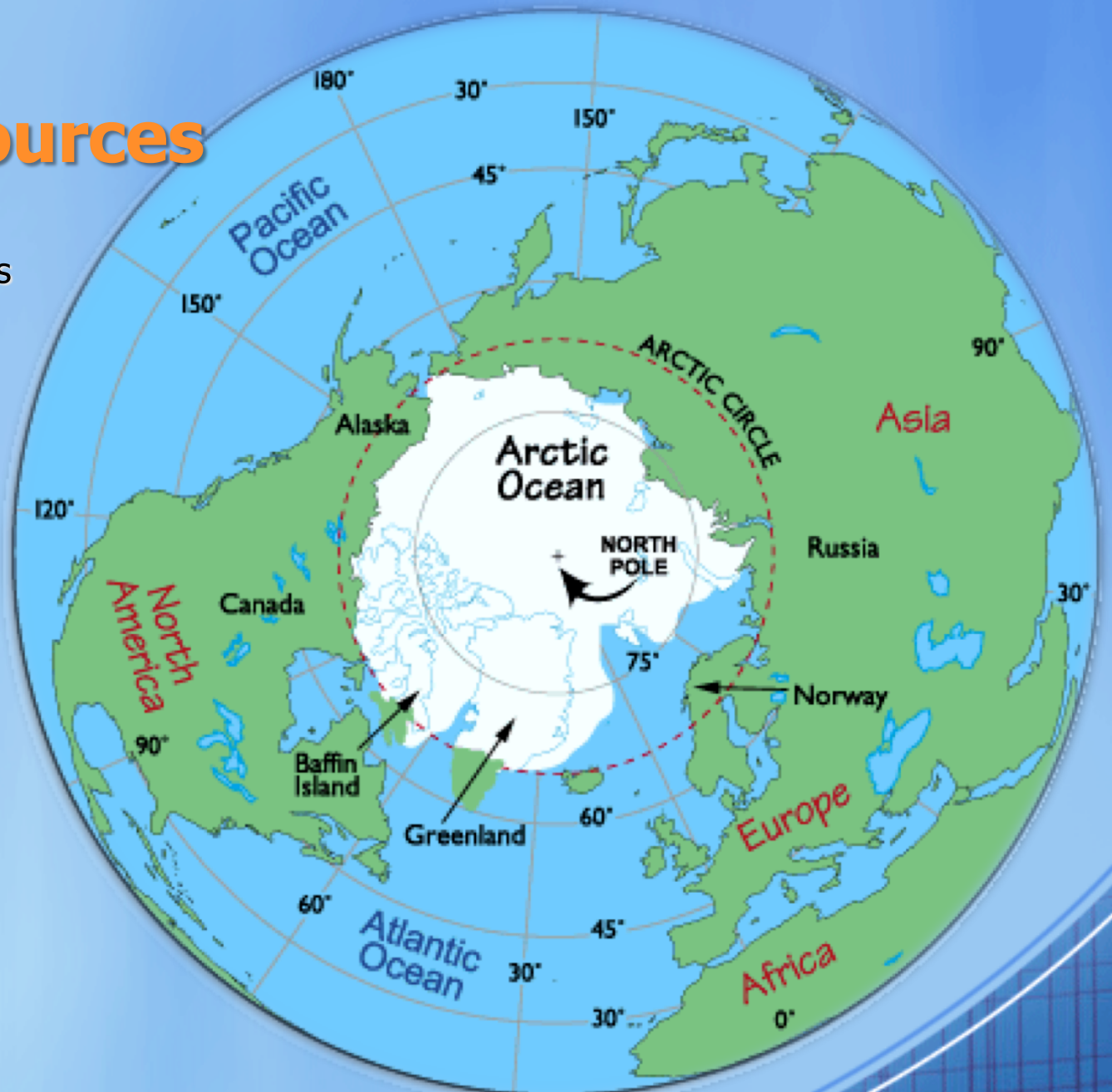
The Road to Energy Security Runs Through Alaska

- Alaska has enormous untapped oil and gas potential, especially in offshore areas
 - Chukchi Sea offers more resources than any other undeveloped U.S. energy basin & may be one of largest untapped oil & gas sources in entire world
- Alaska's total oil & gas resource base (onshore & offshore) contains about 54 billion barrels of oil & 325 trillion cubic feet of natural gas, based on U.S. Geologic Survey (USGS) data
 - Enough oil to fuel America's demand for 7 years
 - Enough natural gas to fuel America's demand for 12 years
- Alaska could be an OPEC nation
 - More oil & oil equivalent resources than Libya
 - Almost as much as Kuwait



Arctic Resources

- About 30% of world's undiscovered natural gas & 13% of its oil are located above the Arctic Circle
- Alaska has the infrastructure & workforce needed to begin producing energy from these resource basins as soon as it is made available



Chukchi Sea

- Offers more resources than any other undeveloped U.S. energy basin & may be one of largest untapped oil & gas sources in entire world



Alaska's Resources & the Lower 48

- Responsible energy development in Alaska means jobs for Alaska, jobs for the nation & tremendous benefits for our economy
- There are 108,000+ Alaskan jobs tied to Alaskan oil & natural gas
 - More than 15% of Alaska's population
- February 2009 – lease sales on tracts in Chukchi netted taxpayers \$2.6 billion-plus in bonus bids
 - U.S. Minerals Management Service expected only \$67 million before the auction
- New offshore oil & gas development in Alaska will generate thousands of new, high-paying jobs throughout the 50 states
 - From steel & pipe manufacturers in the Midwest to shipping on the coasts to advanced computer technology in California & Seattle, to Union Labor for pipeline construction & maintenance
- 71% of employees in Cleveland, Ohio have jobs dependant on energy
- 66% of employees in Seattle, Washington have jobs dependant on energy



Alaska's Resources & the Lower 48

- University of Alaska's Institute of Social & Economic Research University & Northern Economics found new offshore energy production would produce:
 - Annual average of 35,000 jobs over next 50 years for Alaska alone, with total payroll of \$72 billion (2007\$) over 50-year period
 - OCS development could be an important factor in reducing risks for proposed natural gas pipeline from North Slope to Lower 48 markets
 - Offshore development would play vital role in keeping Trans Alaskan Pipeline System (TAPS) flowing – critical link to America's energy distribution which could prevent U.S. from being more dependent on imported oil
- New energy development would make an Alaska Natural Gas Pipeline viable, which could play pivotal in meeting U.S. future energy demand



America & Alaska Benefit from OCS Production

- Greater TAPS throughput – more domestic supply
- Extends the life of TAPS
- Improves economics of gas pipeline
- Marginal fields become viable
- Billions in additional state & federal revenue
- Energy Security, Domestic Supply, Jobs, Revenue



What could we lose?

- According to a National Energy Modeling study by the National Association of Regulatory Utility Commissioners, if moratoria were maintained from 2009-2030, projections show:
 - Domestic oil & natural gas production decreases by 21% & 10%, respectively
 - Avg. natural gas price increases by 28% & average gasoline price increases by 8.4%
 - Net Present Value (NPV) of consumer purchases of electricity & natural gas increases by \$325 Billion
 - National real disposable income decreases by \$1.163 Trillion (\$4,000 per capita)
 - Oil imports from OPEC countries increase by 4.1 Billion barrels
 - National payments to OPEC countries increase by \$607 Billion (\$295 Billion NPV)



Strength in Numbers

- Open dialogue on balanced energy policy needs to begin HERE
 - Increased Oil & Gas Supply
 - Expanded Use of Alternative Energy
 - Improved Conservation & Energy Efficiency
 - Energy Education: What energy means in the daily lives of consumers
- Energy/consumer dialogues help introduce some groups to the equation
- National campaign to make public/policymakers aware of Alaska's potential
- Take messaging to your customers & consumers
 - Unified, coherent messaging
 - Industry/consumer coalition & message-building
 - Effective dialogue among interested stakeholders
 - Long-term comprehensive grassroots & grasstops campaign



Introducing CEA Alaska



- Alaska state chapter of national Consumer Energy Alliance
- The Road to US Energy Security Runs Through Alaska
- Mission – To support CEA’s mission in Alaska & serve as an advocate for energy consumers on various, energy-related issues
- Goals
 - Develop reasonable, logical & balanced solutions to energy challenges
 - Promote policy decisions based on economic, cultural & environmental facts
 - Support efficient utilization, conservation & diversification of ALL domestic energy resources – from oil & gas to alternative energy
- Membership – Alaskans who support a comprehensive energy policy that ensures affordable, reliable energy supplies & promotes a maximum degree on energy independence, economic prosperity & national security



Questions?

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