

5. POLICY POSITION

PROVIDING AMERICAN ENERGY SECURITY

BACKGROUND

The United States possesses approximately 3 percent of the world's oil reserves and annually consumes a quarter of its oil production. This heavy dependence on imported oil increasingly comes from unstable nations that are unfriendly toward our country. The United States currently imports 60 percent of its oil and is expected to import more than 70 percent by 2025. Because of this dependency, our country faces four serious oil-related risks:

- Excessive dependence on the OPEC cartel and other foreign oil suppliers;
- Inadequate conventional petroleum supplies to meet increases in world demand;
- Rapidly increasing global competition for oil from China, India, and other nations; and
- Supply disruptions from natural disasters, political causes and potential terrorism.

If oil peaks in 2020 and no domestic alternative fuel programs are implemented, over the period 2020-2030 the U.S. economy will lose about:

- \$13 trillion in GDP
- 100 million job years of employment
- \$4 trillion in federal, state, and local government tax revenues

To establish U.S. energy security and independence by 2030, all feasible supply and demand options must be aggressively pursued. There is no single answer:

- Coal-to-liquid, oil shale, and enhanced oil recovery all will contribute substantially, and all three technologies must be aggressively deployed.
- Nuclear energy provides a clean, cheap, reliable and abundant resource and is a vital component of any strategy that will accomplish energy security.
- Renewable energy resources and biomass fuels are a critical part of the portfolio of required initiatives, and can supply at least 25 percent of our energy needs.
- Transportation energy efficiency improvements are important but, by themselves, can contribute only a small portion to the required solution.
- Access to domestic and coastal natural gas supplies must be increased, and improved "source efficiency" standards should be adopted that examine the efficiency of the direct use of natural gas.
- Combined Heating and Power Technology (CHP) powered natural gas can provide for less energy transmission loss and improved energy utilization at its end use.

The rapid deployment of large "poly-gen" energy plants using gasification technologies are capable of producing environmentally superior transportation fuels, industrial and pipeline-quality synthetic natural gas, zero-emissions electricity, hydrogen, chemicals for fertilizers and enhanced oil and expanded domestic natural gas recovery and production using captured carbon dioxide. Rapid deployment of these technologies, which would enhance current ethanol and biodiesel initiatives already underway, could completely eliminate U.S. dependence on foreign sources of oil by 2030.

RECOMMENDATION

The Southern Legislative Conference of The Council of State Governments urges the administration and Congress to seriously review the threat posed to American energy security by policies that do not enable the productive use of indigenous energy resources and rely on imported fuels. Immediate Congressional action is needed to accelerate the deployment and use of alternative transportation fuels produced from coal, biomass and oil shale in order to begin to eliminate the United States' dependence on foreign sources of oil. The Southern Legislative Conference of The Council of State Governments requests that a copy of this policy position be forwarded to the Southern Congressional delegation, the president and the United States secretary of energy.