



CONFRONTING GLOBAL WARMING



Taking Control

Real Solutions to Rising Gas Prices

Once again, American families and businesses are being squeezed by high gas prices. All around us we see the evidence that more oil can't bring relief from pain at the pump, but American innovation and new policy can. While every spike in oil prices puts a damper on our economy, we have the solutions today that can put money back in families' pockets and strengthen America.

Drilling Doesn't Fix the Oil Problems Americans Face Today

No amount of drilling or pipelines can bring relief to consumers hard hit by high gas prices. **Oil prices are set on the world market**, where demand is way up and prices keep increasing. With just 2% of world oil reserves, there is no way increased U.S. oil production can make more than a tiny difference in prices.

We can see the evidence all around us. **Domestic oil production is way up - at its highest in 8 years, and yet so are prices at the pumpⁱ**, with some predicting highs of \$5/gallon this summer. In fact, a recent Associated Press analysis looked at decades of data and found no correlation between US oil production and the inflation-adjusted price of gasoline.ⁱⁱ

What's more, Big Oil company profits depend on higher prices. For every penny in gas price increases, oil companies make an additional \$200M in profits. That added up to \$137 Billion in profits for the Big 5 oil companies in 2011 alone.ⁱⁱⁱ

Despite this evidence, some politicians continue to promise lower gas prices by drilling everywhere, but this is simply a fiction. And it's a fiction that's devastating for wildlife and our economy.

High oil prices mean calls to drill for oil in ever more risky and environmentally devastating locations. It means calls for more pipelines that risk leaks in pristine areas and our own backyards - chiefly to serve oil company profits and markets abroad.



*By contrast, new car and truck fuel economy standards, and the American innovation that goes with them will **save consumers \$1.7 trillion at the pump**, and deeply cut the nation's overall need for petroleum.*

More oil just leaves American families and businesses where we are today - at the mercy of oil company profiteering, global instability and rising demand that keep oil prices high and volatile.

Fortunately, we can take back control at the pump. We have the solutions today that can bring Americans real relief from rising fuel costs, while putting us, for the first time, on the path to making oil spills a thing of the past. On the following pages we describe:

Five critical steps to give consumers real relief at the pump and build a modern, clean, competitive America....

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1. Increased fuel economy and American innovation saves consumers real money starting right now

New fuel economy standards will cut the cost of filling up a new car or truck in half by 2025.^{iv} The latest standards announced in December extend the successful 2012-2016 standards that are already boosting sales, bringing back jobs, cutting pollution and bringing great new cars and trucks to consumers.

These savings start today. New standards will double the fuel economy of our cars and trucks to an average of 54.5mpg by 2025 – and bring deep fuel savings to drivers of all kinds of cars and trucks. Savings start with more efficient vehicles on dealers’ lots today and get better every year. Across all new *and used* vehicles, the new standards and innovation will cut what Americans spend on fuel by almost 40% in 2030.^v

These standards are the biggest single step we’ve ever taken to cut our dependence on oil. Overall, new car, truck and heavy duty truck standards will cut oil use by 3.6 million barrels a day – more than what we import today from the Persian Gulf, Venezuela and Russia combined.^{vi} **Taken together the standards will save consumers more than \$1 trillion at the pump.** Even after accounting for the cost of more advanced technology, car owners will save thousands over the life of their vehicle.^{vii}

And as families and businesses spend those savings in their communities, it will add almost 500,000 jobs across the economy.^{viii} In fact, while every spike in oil prices puts a damper on our economy, rebuilding the auto industry with innovative, efficient cars and trucks has added 200,000 jobs over the past 2 ½ years and 100,000 jobs in 2011 alone.^{ix} An innovative and competitive auto sector doesn’t just mean rebuilding jobs at the big auto companies, but in hundreds of smaller manufacturing, materials, electronics and other companies all across the nation. (See *Supplying Ingenuity* our report with UAW and NRDC, for companies in your state.)^x

The standards are the also the single largest step we have ever taken to cut carbon pollution – cutting over 600 million metric tons in 2030 or about 10% of total US carbon pollution today.^{xi}



New standards mean more and better choices for consumers – as well as savings. Someone who trades in a 2005 Ford F-150 pickup truck for the 20% more efficient and more powerful 2012 model – saves 20% on gas week after week, from the day he or she drives off the lot. Its like driving into the dealership paying \$3.60/gallon – and driving out paying \$2.88/gallon.

See more on pickup truck performance and savings in NWF’s report Trucks that Work. (Photo: Shutterstock)

2. Replace Petroleum with Electricity. It costs \$1.00 a gallon to fill up your car at the plug, instead of at the pump

Today we depend on petroleum for 95 percent of transportation fuel – a risk for our economy and our pocketbooks. More efficient cars and trucks cut costs at the pump deeply, but our most advanced cars do even better than that.

Compared to gasoline, electricity is cheap, stable, diverse and domestic. If you fuel your car with electricity it doesn’t matter what’s happening in the Middle East, or the demand for oil in China. When drivers fuel their cars by plugging them in at home or at work, the cost of electricity per mile is far lower than driving that same mile using gas – **the equivalent of about \$1 a gallon at average US electricity prices.**^{xii}



Electric and mostly electric plug-in hybrid vehicles are clean, quiet and high performance. Electric vehicles have little or no tailpipe pollution and are cleaner today than a conventional gasoline vehicle even taking into account the emissions that come from generating electricity.^{xiii} And they get cleaner all the time as utilities and homes add renewable energy.

EVs are here today. More than 17,000 EVs were sold in 2011, and by the end of the year, Ford, Chevy, Nissan, Toyota, Mitsubishi, Tesla, Fisker, and several other automakers will all offer consumers all electric or mostly electric plug-in hybrid cars.^{xiv} Communities across the country are working with industry to make it easy for consumers to adopt these vehicles. Meanwhile, investments in electric drive technology and manufacturing are helping bring down technology cost, and boost US leadership in advanced vehicles. This is no time to let up. **We need to redouble our efforts to capture this \$1/gallon, energy and economic security opportunity.**



3. Modernize our infrastructure to give businesses and individuals a choice about how to spend their time and money

America's aging transportation infrastructure risks lives, wastes fuel and money for businesses and individuals and degrades quality of life for citizens. Just as the highway system reshaped America in the last century, modern transit, rail, and freight systems can provide cost savings and productivity improvements to commuters and businesses nationwide. Improving our transportation systems is also a powerful job creator – providing not just construction jobs, but long term jobs in manufacturing and operation. A recent analysis found that federal investment of \$40 billion on public transit and intercity rail would create 3.7 million direct and indirect jobs – 600,000 of those in the manufacturing sector alone.^{xv}

As Congress considers America's transportation investments, and as cities and states assess priorities across the nation, they should act now to provide commuters and businesses with modern competitive transportation options that improve quality of life - while cutting pollution and petroleum use.

4. Avoid Wasteful Investments in New Dirty Fuels: Tar Sands Take Us Backwards

America's progress to cut pollution and oil dependence is being severely threatened by a proposal to pipeline dirty tar sands oil from Canada. **The controversial Keystone XL pipeline proposal would raise, not lower, gasoline prices** in the Midwest as it carries oil to export from the Gulf. According to the company's own documents, the Keystone XL pipeline will increase the price of gas in the U.S. by 10-20 cents per gallon, with the steepest increases in the Midwest.^{xvi} In addition, the pipeline would provide oil companies with access to refiners and shippers on the Gulf Coast to gain access to markets in Europe, Asia, and, South America. Tar sands oil will go where profits are highest, whether it is China, India, or the U.S.

This project threatens to make us more energy insecure. It would lock us into additional petroleum infrastructure of pipelines, refineries and transport systems for decades to come infrastructure whose risks and costs are unnecessary as we cut domestic demand for oil deeply.

The Keystone project does nothing for consumers while putting communities and wildlife at risk. Proposals to open drilling in the Arctic National Wildlife Refuge and expand development in other treasured land and seascapes are just as flawed. For example, the Energy Information Administration reported that Arctic Refuge oil production is not expected to have a significant impact on gas prices.^{xvii} Meanwhile a U.S. Geological Survey study on Arctic offshore drilling saw "no comprehensive method for cleanup of spilled oil in sea ice".^{xviii} As we have seen from incidents like the BP oil spill disaster in the Gulf of Mexico and the Exxon Valdez spill,



expansion of oil and gas projects present dangerous unforeseen costs to communities, public health and sensitive wildlife habitat.



Photo: Larry Schweiger

5. Align Our Tax Policies with a Modern Economy: End Subsidies to Big Oil, Encourage Investment in Energy and Transportation Innovation

Oil and gas companies receive billions of dollars in subsidies and tax breaks from the federal government. Some estimates put this figure at \$4 billion a year– or \$40 billion over a decade^{xix}. With more than \$100 billion a year in oil industry profits these subsidies are unnecessary and wasteful.

The Congressional Research Service has reported that ending subsidies to the oil industry would not raise prices at the pump. Instead this money should be used to enhance investment in clean and fuel saving technology and jobs that provide a real solution to America’s energy crisis. Investment in clean energy and advanced transportation technologies spurs innovation, provides jobs for workers at home, and ensures that America remains a global technological leader.

Americans support real solutions

More oil cannot solve the problems Americans face today. Putting Big Oil profits ahead of families’ pocketbooks and the natural resource heritage we leave our children can only divide us. By contrast, real solutions bring Americans together. Fuel efficiency improvements offer huge benefits to consumers, while building jobs and strengthening our economy for the long term. Not surprisingly, stronger fuel economy standards have overwhelming public support – with 93% of the public in favor according to a recent Consumer Reports survey.^{xx}

We have real options for Americans to sever our dependence on oil, cut what we spend on fuel, and enhance the economic, energy, and environmental security of the nation. The faster we get on this path, the sooner we reap the benefits.

For More Information:

www.nwf.org/Global-Warming/Policy-Solutions.aspx

ⁱ <http://thinkprogress.org/green/2012/03/21/449164/ap-fact-check-in-36-years-of-data-not-a-shred-of-evidence-that-drilling-reduces-gas-prices/>

ⁱⁱ <http://abcnews.go.com/Politics/wireStory/fact-check-us-drilling-drop-gas-price-15967622?page=3#.T3CPKGFKS8A>

ⁱⁱⁱ http://www.taxpayer.net/resources.php?category=&type=Project&proj_id=5163&action=Headlines%20By%20TCS

^{iv} <http://www.epa.gov/otaq/climate/documents/420f11038.pdf>

^v NWF Analysis based on NRDC data showing progress of fuel efficiency through the fleet over time.

^{vi} NWF and NRDC Analysis from EPA data.

^{vii} http://www.whitehouse.gov/sites/default/files/fuel_economy_report.pdf

^{viii} <http://www.ceres.org/resources/reports/more-jobs-per-gallon>

^{ix} Auto sector employment at: http://www.bls.gov/iag/tgs/iagauto.htm#emp_national

^x http://www.nwf.org/~media/PDFs/Global-Warming/Policy-Solutions/Supplying_Ingenuity_Report_2011.ashx map at: <http://www.nrdc.org/transportation/autosuppliers/>

^{xi} NWF and NRDC Analysis from EPA data.

^{xii} At average US electricity prices, EV’s cost 2-4 cents per mile to drive. <http://www.afdc.energy.gov/afdc/pdfs/51017.pdf> The average vehicle today goes 22 miles on one gallon of gas which costs over \$3.50 - by comparison, an EV at 4 cents per mile would cost .88 cents to drive the same distance. (.3 kWh/mi x \$.12/kWh = 4 cents/mi x 22 = \$.88). Compared to an efficient small car that averages 35mpg, an EV would cost \$1.40 to go the same distance as that vehicle goes on a gallon of gas. Conversely, if the EV is charging in parts of the country paying lower electricity rates, or at lower off peak rates, the costs could be significantly lower - well below \$1 per "gallon".

^{xiii} NWF Factsheet, *Electric Vehicles Myths vs. Facts*

^{xiv} http://blog.rmi.org/why_so_many_critics_after_17000_ev_sales_in_first_year

^{xv} *Make It In America: The Apollo Clean Transportation Manufacturing Action Plan*. The Apollo Alliance. <http://www.bluegreenalliance.org/apollo/programs/tmap/file/PR.TMAP-Executive-Summary.pdf>

^{xvi} <http://blog.nwf.org/2011/01/big-oils-pipeline-scheme-to-increase-midwest-gas-prices/>

^{xvii} <http://205.254.135.7/oiaf/servicerpt/anwr/results.htm>

^{xviii} Pierce, Brenda, 2011, Chapter 7. Geological context, in Holland-Bartels, Leslie, and Pierce, Brenda, eds., 2011, An evaluation of the science needs to inform decisions on Outer Continental Shelf energy development in the Chukchi and Beaufort Seas, Alaska: U.S. Geological Survey Circular 1370, p. 203-215.

^{xix} <http://www.whitehouse.gov/blog/2012/02/25/numbers-4-billion>

^{xx} <http://www.autoblog.com/2011/11/14/consumer-reports-large-majority-favor-stronger-fuel-econ/>