



Taking Control

Real Solutions to Rising Gas Prices

Once again, American families and businesses are being squeezed by high gas prices, and the past year has shown that our economy as a whole is dangerously dependent on oil – threatening our economic and national security. Since the oil crisis of the 1970s, our primary response has been to drill and import more oil, and unsurprisingly, our dependence on oil has only increased. **Today we spend two thirds of a trillion dollars a year on oil, half of it sent overseas, and most of it a multi-billion dollar drain on family and business budgets** – money that could be invested in American communities and American jobs. Not only that, oil is the largest contributor to climate change in the U.S. – larger even than coal.

More oil is not the solution. Cheap oil is tapped out, and with dwindling world oil reserves and huge nations like China and India growing rapidly, an oil dependent future means higher and higher prices, and a push to drill in ever more dangerous and environmentally destructive sites. By contrast, we have the technology today to dramatically cut our need for oil – and to do so while boosting technology, quality of life, and American jobs. When we are standing at the gas pump, we have no control. But when we drive off a car dealer's lot with a more fuel efficient car or truck, we instantly cut the cost we pay for gas – often by the equivalent of dollars a gallon.

An overwhelming majority of Americans support high fuel economy standards, and communities across America are working to put more electric vehicles on the roads. **It is time for Congress and the Obama Administration to act to take control of our energy future.**

Drilling Doesn't Fix the Oil Problems Americans Face Today

Last summer's Gulf disaster taught us a harsh lesson on the environmental, human, and economic costs of drilling. To this day the Gulf Coast is far from recovered, and it will be years before the devastating effects of the spill disappear – if they ever do; Alaska's Prince William Sound is still suffering major effects of the 1989 Exxon *Valdez* spill. And right now, Big Oil companies are pressuring regulators to sidestep the Clean Air Act and open up our Arctic Ocean to even more risky drilling, which would have profound impacts on wildlife like walrus, polar bears, and bowhead whales. Even putting the environmental risks aside, drilling cannot fix the economic challenges households face today

*If a 60 MPG standard was in effect today Americans would save \$67 billion at the gas pump and cut gasoline consumption by 17 billion gallons this summer alone – That's \$513 in summer driving savings per household.**

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Oil is a global commodity – with prices set in the global market, whether the oil is produced domestically or imported. Domestic reserves are far too small to significantly impact global prices and are not “reserved” for domestic use, but part of global import and export.



The Energy Information Administration recently released an analysis that found that even tripling oil production on the Outer Continental Shelf would have no impact on gas prices in the next 10 years, and only 3 to 5 cents a gallon in 2030.ⁱ Similarly, the price of gas in Canada is not any lower than it is in the U.S., despite the fact that the country produces more oil than it consumes.ⁱⁱ

The price of gas skyrocketed this spring to a national average of nearly \$4 per gallon, with many U.S. cities and states paying even more than this.ⁱⁱⁱ With only 2% of the world's proven reserves,^{iv} the U.S. uses about 19 million barrels of oil a day, 25% of the world's supply – competing for limited resources in an increasingly oil thirsty world. With global demand outstripping potential supply gas prices are likely to remain high.

Our transportation sector remains 95% dependent on petroleum and no liquid fuel alternatives exist today that can replace petroleum at scale without serious environmental or economic shortcomings. We have to deeply cut our underlying need for oil or we will leave our economy and our household budgets at the mercy of oil price volatility and the whims of the foreign suppliers we rely on, many of them dictatorships and fragile states.^v

Oil accounts for 60% of America's trade deficit, and we send billions of dollars a day abroad to sustain it. Our continued reliance on this form of energy is pinching household budgets, costing us jobs at home, competitiveness in the global marketplace, and quality of life for our children. Fortunately **we have the solutions needed to break our dependence on oil** and give Americans real solutions NOW.

Better, Faster, Cheaper: Five critical steps to Give Americans Real Relief at the Pump and Build a Modern, Clean, Competitive America

1. Drill Under the Hoods of Our Cars and Trucks

Fuel efficiency improvements offer huge rewards, dwarfing all the benefits of drilling and strengthening our economy while being feasible and broadly supported. Recent polling has shown that Americans want these options. Earlier this year the Consumer Federation of America found that Americans overwhelmingly support a 60 mpg fuel economy standard – by a margin of nearly 2 to 1.^{vi}

While drilling makes a negligible difference to consumers, improving the efficiency of our cars and trucks can provide rapid relief to household budgets. At the same time, improvements in technology mean that fuel efficiency improvements now come with added benefits to performance and usability, delivering overall better cars to consumers.

Three critical programs for fuel efficiency improvements promise sure oil savings, and near term benefits to consumers.

In 2010, a diverse group of stakeholders welcomed improved fuel efficiency and emissions standards for new cars and light trucks to reach an average of 35 miles per gallon by 2016. This standard will reduce U.S. light duty vehicle emissions approximately 21% by 2030 over what they would be absent the regulations.^{vii}

Someone who trades in a **2005 F-150 pickup** (with a combined fuel economy of **15mpg**) for the new **2011 F-150** (combined fuel economy of **19mpg**) is buying a vehicle that uses **21% less gas**. For consumers feeling pain at the pump, this is like cutting **75 cents** off the cost of every gallon they buy at today's prices – or as EPA estimates it – **saving \$700 a year**. And these savings don't come at the cost of performance. **The 2011 model also delivers 50% more horsepower and better torque than the 2005 model.**



Building on this historic success, the Obama Administration is poised to set standards for cars and light trucks for model years 2017-2025 that could further increase fuel economy up to 62 mpg.

Setting the strongest final standard is a vital and effective means to meet the nation's goals to cut foreign oil dependence and safeguard our economy from the risk of oil price shocks.

The administration also announced, for the first time ever, a proposed rule for medium and heavy duty truck standards. This new rule will save consumers money and cut carbon pollution from medium and large trucks from 7 to 20% by 2018.



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2. Replace Petroleum with Electricity

While effective fuel efficiency standards make immediate reductions in petroleum use, electric vehicles (EVs) sever our dependence on oil and replace it with stable, cheap, and increasingly clean domestic fuel. For consumers, a more efficient car cuts gas costs immediately; an electric or plug-in electric hybrid car frees that family from the gas pump altogether and enables them to fuel up at an outlet at home at a cost equivalent to less than \$1/gallon.

EVs are here today. Several models are in dealerships and on the road now with over a dozen more electric cars and commercial trucks expected within the next two years. At the same time, America has emerged as a major innovator and manufacturer of EV batteries and electric drive technology. Contrary to what critics say, EVs are not a “niche” technology, but intimately connected to efficiency innovation across the auto sector and the



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electric sector innovations in smart grid, smart appliances, and energy storage and management. To maintain this edge and build businesses, jobs, and opportunity in all these industries, we need to maintain momentum on EVs.

In 2009 the President set a goal of 1 million EVs on America's roads by 2015.^{ix} Across the nation communities are already working to put in place the partnerships between cities, utilities, automakers, and dealers necessary for smooth adoption of these vehicles. These are critical first steps towards the widespread use of electricity to diversely fuel our transportation sector. With effective local and federal programs that assist these communities, facilitate vehicle and infrastructure adoption, and encourage ongoing innovation in design and manufacturing, **half the miles we drive could be electric by 2030.**

Not only do EVs diversify our transportation sector and help to wean us off oil, at the same time they also improve local air quality, improve our energy security, and help combat climate change. The U.S. transportation sector is responsible for a third of U.S. global warming pollution as well as local smog and asthma related pollution. EVs have little or no tailpipe pollution and are responsible for less pollution than comparable gas vehicles overall—even including the emissions from the electricity needed to charge them. And as we invest in cleaning up our electric sector, with renewable energy like wind and solar, we simultaneously make our EVs cleaner and cleaner, paving the way for a true zero emission vehicle.



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

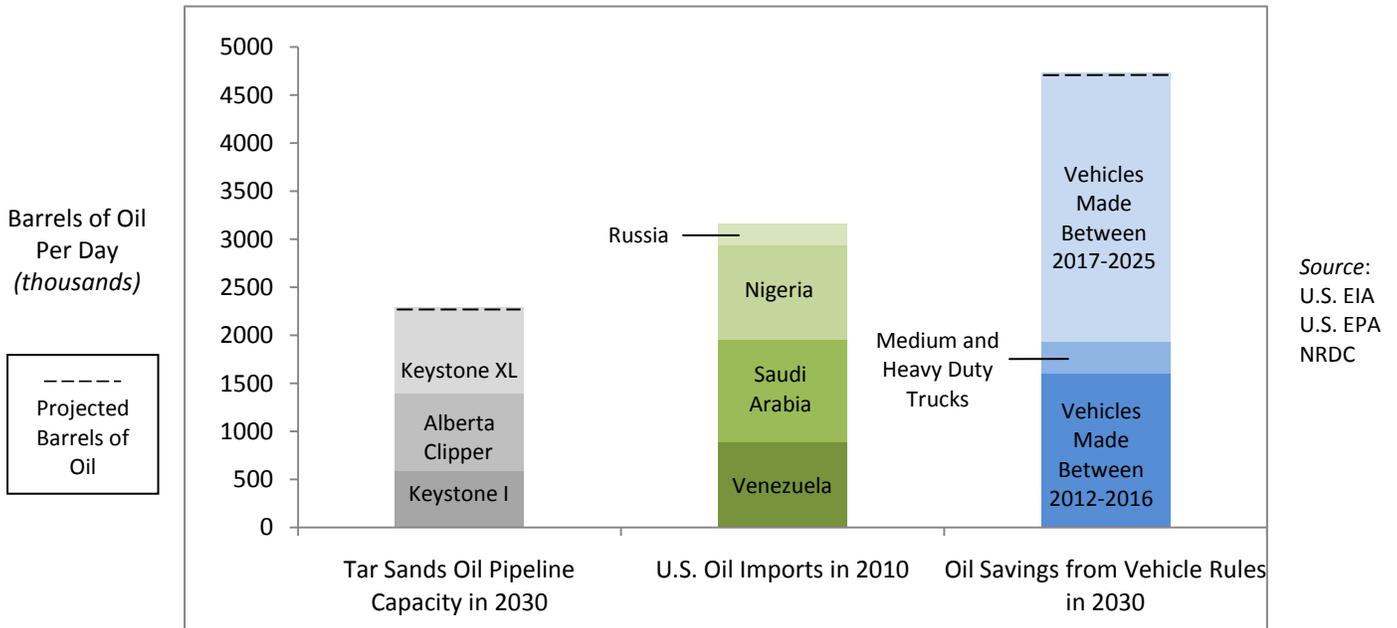
America’s aging transportation infrastructure risks lives, wastes fuel and money for businesses and individuals and degrades quality of life for citizens. Just as the highway system reshaped America in the last century, modern transit, rail, and freight systems can provide cost savings and productivity 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.^x

As Congress considers a transportation reauthorization, and as cities and states assess priorities across the nation, they should consider opportunities to provide commuters and businesses with alternatives that improve quality of life - while cutting petroleum use.

4. Avoid Wasteful Investments in New Dirty Fuels: A Case in Point - Tar Sands Take Us Backwards

The progress being made to reduce America’s dependence on oil is being severely threatened with a proposal to increase dependence on dirty tar sands oil from Canada. TransCanada is proposing to build a pipeline to carry tar sands oil from Alberta, Canada to Gulf Coast refineries. The project, the Keystone XL pipeline, would import up to 900,000 barrels of tar sands oil, an unconventional crude that produces three times the carbon pollution of conventional crude oil. Keystone XL provides an example of how we cannot rely on more oil for our energy security or to ease the effects of high gas prices on America’s economy.

Comparison of Oil Savings From EPA’s Fuel Efficiency Standards to Current and Future Oil Imports





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. In addition, the pipeline would provide oil companies with access to refiners and shippers on the Gulf Coast, opening up tar sands to the expanding world market, with no guarantee the oil would be used to lower U.S. gas prices. Tar sands oil will go to the highest bidder, whether it is China, India or the U.S.

This project threatens to make us more energy *insecure*. The pipeline threatens to lock us into petroleum infrastructure of pipelines, refineries and transport systems for decades to come and will make it substantially more difficult to wean our economy and society off of oil. Americans pay every time we import oil, whether it is from the tar sands of Canada or the deserts of Saudi Arabia. We send money abroad and jeopardize jobs at home. Oil savings through increased fuel economy is money in the pockets of every American.

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

Oil companies receive billions of dollars every year in subsidies and tax breaks from the federal government. Some estimates put this figure as up to \$4 billion a year – several times more than is invested in renewable energy. With gas prices reaching record levels and billions in industry profits a year these subsidies are no longer needed and wasteful. The Congressional Research Service recently reported that ending subsidies to the oil industry would not raise prices at the pump. This money could be used to fuel investment in technology and jobs that can actually provide a real solution to America's energy crisis. Renewable energy industries currently employ nearly 1 million Americans.^{xi} Investment in clean energy technologies spurs innovation, provides jobs for workers at home, and ensures that America remains a global technological leader.



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Action Now Will Save Americans Money and Break Our Dependence on Oil

More oil, whether foreign or domestic, cannot solve these problems. Vehicle and transportation innovation can. We have the technology and policy choices available today that could immediately cut and ultimately end our need for oil. **Improved vehicle efficiency, electric cars and trucks, and modernized transit and planning provide real options for Americans to sever their reliance on oil, cut what they spend on fuel, and enhance the economic, energy, and environmental security of the nation.** The faster we get these solutions rolling, the sooner we reap the benefits.

For More Information:

www.nwf.org

<http://www.go60mpg.org/>



ⁱ *The Return of 'Drill, Baby, Drill.'* New York Times, 2001

http://www.nytimes.com/2011/05/07/opinion/07sat1.html?_r=2&hp

ⁱⁱ Ibid.

ⁱⁱⁱ Weiss, Daniel J, Vasquez, Valeri. *Memorial Day Driving by the Numbers*. Center for American Progress, 2011. <http://www.americanprogress.org/issues/2011/05/memoraldaynumbers.html>

^{iv} *High Gas Prices: Supply and Demand*. Natural Resources Defense Council, 2011. <http://www.nrdc.org/energy/gasprices/>

^v *How Dependent Are We On Foreign Oil?* U.S. Energy Information Administration, 2011. http://www.eia.gov/energy_in_brief/foreign_oil_dependence.cfm

^{vi} Consumer Federation of America, 2011. <http://www.consumerfed.org/pdfs/Gas-Price-Analysis-Oil-Survey-PR-3-16-11.pdf>

^{vii} Environmental Protection Agency, 2011. <http://epa.gov/otaq/climate/regulations/420f10014.htm>

^{ix} White House Office. <http://www.whitehouse.gov/innovation/strategy/appendix-c>

^x *Make It In America: The Apollo Clean Transportation Manufacturing Action Plan*. The Apollo Alliance. <http://apolloalliance.org/downloads/TMAPExecutiveSummary.pdf>

^{xi} *Jobs in Renewable Energy and Energy Efficiency*. Environmental and Energy Study Institute, 2011. http://www.eesi.org/jobs_ree_060111

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