JACK GERARD PRESS CALL ON API STUDY ON RESTRICTING FOSSIL FUEL ENERGY PRODUCTION

As prepared for delivery

API study on restricting fossil fuel energy production
API President and CEO Jack Gerard
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Good morning, and thank you for joining me.

There’s a real debate in the energy space. It’s a debate over two visions for our energy future.

On the one hand, we have today’s energy reality in which the United States leads the world in production and refining of oil and natural gas, and U.S. consumers
enjoy almost unprecedented energy security. Drivers saved over $550 at the pump in 2015, while lower costs for utility bills, products and other energy-related expenses boosted household budgets by $1337. U.S. industrial electricity costs are 30-50 percent lower than those of our foreign competitors, giving manufacturers a major competitive advantage. The overwhelming majority of Americans support policies to maintain U.S. energy leadership. This pro-energy vision means energy from all sources, where oil and natural gas play a central role in providing abundant and affordable energy, generating economic growth and reducing carbon emissions.

While 80 percent of American voters support increased U.S. oil and natural gas production, a vocal minority are working to obstruct energy development and infrastructure projects, reducing our energy options under a false belief that oil and natural gas production and use are incompatible with environmental progress. Their vision is one of constrained energy choices, with less energy certainty and reliability, and with less assurance on affordable power.

These are competing visions, but make no mistake: they are not philosophical arguments. There are real differences between these two visions and their outcomes on our economy, on consumers, our way of life.

Today, API is releasing a new study (http://www.api.org/~/media/Files/Policy/American-Energy/Impacts-of-Restricting-Fossil-Fuels-Report.pdf) that vividly illustrates the reality behind anti-energy rhetoric. We worked with OnLocation, a firm with more than 20 years of experience providing technical support for Energy Information Administration modeling. Using the EIA’s own economic model software and the identical base case inputs from their Annual Energy Outlook for 2016, the study explores what would happen if we halted new oil and natural gas leases, banned hydraulic fracturing, prohibited new or expanded coal mines, and stopped permitting energy infrastructure, including pipelines and import/export facilities. This is what “keep it in the ground” means.
Freezing the American energy revolution in its tracks means the average American household could see its costs jump $4,550 in 2040 due to increased costs for transportation fuel, electricity, home heating, and goods and services. Electricity prices alone could increase an average 56 percent.

Domestic oil and natural gas production is projected to experience a steep decline, which could raise costs by $40 per barrel for crude oil and $21 per million BTUs for natural gas – taking us back to energy dependency. The U.S. economy would lose a projected 5.9 million jobs. Major energy-producing states would see the worst job losses, while the broader economy could be harmed by potentially increased costs for production and transportation of goods. Only twice in the past 70 years has the U.S. unemployment rate exceeded 8.2 percent, but “keep it in the ground” would take us there again, plunging the economy into persistent recession-level unemployment throughout 2020 – 2040.

Lower U.S. energy production and higher energy prices could reduce cumulative GDP by $11.8 trillion.

It’s a stark contrast to today’s world, in which U.S. energy leadership is generating major economic benefits for American families and businesses. Shale energy supported 2.1 million jobs in 2012, and that number is projected to increase to 3.9 million jobs by 2025, including 500,000 manufacturing jobs. Increased energy production and infrastructure investment could create hundreds of thousands of additional jobs.

Extreme activists would not only erase, but reverse, all those gains, taking the United States back to an era of energy dependence – all based on the false idea that we must choose between energy security and environmental progress. In reality, we lead the world both in reduction of carbon emissions and in production and refining of oil and natural gas. Carbon emissions from power generation have
plunged to nearly 30-year lows primarily because of greater availability of clean-burning natural gas. In fact, more than 60 percent of the carbon reductions in the electric power sector from 2005 to 2016 have been the result of fuel switching from higher emission generation to natural gas generation.

Even under the most optimistic scenarios for renewable energy growth, oil and natural gas will supply 60 percent of U.S. energy needs in 2040. What’s more, projections show worldwide energy consumption will increase by 38.6 percent by 2040 and that 67 percent of that will be met by fossil fuels.

These are the facts. Contrary to claims from the “keep it in the ground” movement, cutting U.S. oil and natural gas production wouldn’t magically reduce world energy demand. But it could raise costs significantly for American families and manufacturers, profoundly damage the U.S. economy, diminish our geopolitical influence, and severely weaken our energy security. That’s where “keep it in the ground” leads, and it’s not a path most Americans want to take.

The overwhelming majority of American voters choose 21st century energy abundance over 20th century energy scarcity. With forward-thinking energy policies, we can ensure the U.S. energy renaissance continues to provide benefits for American consumers, workers and the environment.

Thank you, and I’ll be happy to take your questions.