

HOW ENERGY INDEPENDENCE/SECURITY IS IMPACTED BY GHG REGULATION AND INCREASED OIL PRICES

Stephen A. Keehn, Sempra Energy 619-696-4309, skeehn@sempra.com

Thomas Brill, Sempra Energy, 619-696-4265, tbrill@sempra.com

Robert Lane, Sempra Energy, 619-696-2954, rlane@sempra.com

Overview

Numerous papers and commenters have examined the concept of Energy Independence for the United States, and public opinion has recently indicated increased concern over this issue. Our paper will begin with a review of the causes of the United States dependence on imported energy, analyze the benefits of an integrated international energy market and explore potential ways for the United States to address this issue. Our paper will then expand this discussion by examining how two recent interrelated changes to energy markets affect the analysis and conclusions. The changes are the recent push for reductions in Greenhouse Gas emissions and run up in energy prices, especially oil prices. The paper will analyze the impact of these events on market demand for renewable energy, domestically produced coal and other energy products and suggest ways in which the energy industry can seek to address both both energy independence/security and GHG reduction.

Methods

The paper will use economic analysis, coupled with public opinion polls and various data sources on energy consumption and forecasts. Policy choices will have to be made to address both Greenhouse Gas emissions, and the higher costs of various fuels. Further, these areas will interact as the development of alternative, GHG limiting resources impact on the demand for various existing fuel sources. The paper will offer a policy analysis supported by various data for what to expect as we move forward.

Results

Conclusions

Alternate fuels for transportation will help reduce demand for oil imports with or without increased domestic production activity and integrated markets that maximize supply options present the best opportunity to address the impact on consumers of market disruptions. Further conclusions may arise from the policy analysis.

References

Council on Foreign Relations, National Security Consequences of U.S.Oil Dependency, Independent Task Force Report No. 58, 2006.

Yergin, Daniel, "Ensuring Energy Security," Foreign Affairs, Volume 85, No. 2 (March/April 2006), pp. 69-82.

