



Fighting Oil Addiction: Ranking States' Vulnerability to Oil Price Spikes

We are in the midst of the summer driving season. Although today's gasoline prices are lower than the highs of 2008, our current economic situation means that the cost of gasoline may pinch more now than ever before. Moreover, gasoline prices are on the rise, and no one expects prices to remain low after the economy picks up. This reality reminds us that America's addiction to oil continues to threaten not only our national security and global environmental health, but also our economic viability.

Drivers in every state were more vulnerable in 2008 than they were in 2006.

To see rankings for all 50 states, read the full report online at <http://www.nrdc.org/energy/states/>

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To curb this perilous addiction, we need effective government policies that will increase the availability of efficient vehicles and clean fuels and that will promote smart growth and public transit. New NRDC analysis, the third annual edition of our comprehensive research, identifies states that are most vulnerable to spikes in oil prices—and those states that are doing the most to break their addiction to oil.

Our research ranks U.S. states in two critical areas related to our nation's continuing addiction to oil. First, it calculates oil vulnerability—how heavily each state's drivers are affected by increases in oil prices. Second, it ranks states on their adoption of solutions to reduce their oil dependence—measures they are taking to lessen their vulnerability and to bolster America's security. The data yield three clear conclusions:

- Oil dependence affects all states, but some drivers are hit harder economically than others.
- The trends in oil vulnerability over the past couple of years are not encouraging—drivers in every state were more vulnerable in 2008 than they were in 2006.
- While some states are pioneering solutions and many are taking some action, a fair number of states are still taking few (if any) of the steps listed in this report to reduce their oil dependence.

State Action on Oil Dependence: The Best and the Worst

Although some states are adopting strong measures to reduce their oil dependence, too many others are still taking little or no action.

The solutions rankings in this report are based on the range of key actions that states can take to reduce oil dependence, with particular focus on policies that can have substantial impact and can be replicated by other states.

NRDC research shows that the 10 states doing the *most* to wean themselves from oil are:

- | | |
|------------------|-----------------|
| 1) California | 6) New York |
| 2) Massachusetts | 7) New Jersey |
| 3) Washington | 8) Pennsylvania |
| 4) New Mexico | 9) Oregon |
| 5) Connecticut | 10) Florida |

In contrast, the 10 states doing the *least* to reduce their oil dependence are:

- | | |
|------------------|-----------------|
| 1) West Virginia | 6) Oklahoma |
| 2) Idaho | 7) Alabama |
| 3) Wyoming | 8) Arkansas |
| 4) Mississippi | 9) North Dakota |
| 5) South Dakota | 10) Alaska |

The failure of the 10 worst states to take meaningful action to reduce oil dependence exacerbates the national security and environmental harms associated with our current transportation habits. These and other states need to be drivers of change.

The Benefits of Reducing Oil Dependence

Especially with the struggling economy, escalating job losses, and the return of rising gasoline and diesel prices, reducing oil dependence can yield significant

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Which States' Drivers Are Most at Risk?

NRDC research shows that the 10 states with the highest degree of oil vulnerability are:

1. **Mississippi** (also #1 in 2007 and 2006)
2. **Montana** (↑ from #20 in 2007 and #22 in 2006)
3. **South Carolina** (↓ from #2 in 2007 and 2006)
4. **Oklahoma** (↑ from #9 in 2007 and #6 in 2006)
5. **Louisiana** (↓ from #4 in 2007, ↑ from #8 in 2006)
6. **Kentucky** (↓ from #5 in 2007 and #3 in 2006)
7. **Texas** (↑ from #16 in 2007 and #11 in 2006)
8. **New Mexico** (↓ from #6 in 2007 and #5 in 2006)
9. **Georgia** (↓ from #3 in 2007 and #4 in 2006)
10. **Arkansas** (↓ from #8 in 2007 and #7 in 2006)

benefits. These can include lowering the economic vulnerability that many residents face and creating new income from the sale of sustainable biofuels. Decreasing oil consumption also enhances America's national security by reducing dependence on sources of oil that are politically unstable or controlled by unfriendly national governments. In addition, reduced oil consumption decreases both air pollution and the greenhouse gas (GHG) emissions that cause global warming.

State Policies for Reducing Oil Dependence

Although the Obama administration has taken some strong actions on energy and climate policy, states continue to be critical players in creating less oil-intensive transportation habits. State strategies include:

- **Clean cars (and efficient use).** Vehicles that cut global warming pollution reduce oil consumption considerably. Fifteen states have vehicle GHG emission standards based on California's "clean cars" program, which places increasingly stringent limits on global warming pollution from new vehicles. While the Obama administration's new national greenhouse gas emissions standard on cars and trucks will likely govern vehicle efficiency for model years 2012–2016, the state laws could play a crucial role before and after that period. Fifteen states offer incentives for the purchase of new hybrid-electric and plug-in hybrid cars and trucks. Thirty states have requirements for state fleet efficiency. And several states are taking action to encourage cars already on the road to use less gasoline, such as by placing restrictions on idling.

- **Clean fuels.** Biofuels—from sustainably grown sources—can make a significant dent in our oil dependence and greenhouse gas emissions. California no longer stands alone in having a low-carbon fuel standard, as Massachusetts has joined it in seeking to reduce the greenhouse gas intensity of motor vehicle fuel. And 12 states have a renewable fuel standard or mandate to encourage the blending of renewable fuels like biodiesel into regular fuel.

Twenty states are also sponsoring grants to support research and development on clean fuels and vehicles, looking to foster the technologies that will help reduce oil dependence in the near future.

- **Smart growth and public transit.** States can reduce oil dependence by integrating land use and transportation policies and designing them to reduce vehicle-miles traveled and promote alternatives to driving. Nineteen states, including Hawaii, Georgia, Tennessee, and Maine, have adopted smart growth measures intended to curb sprawl and reduce the associated traffic and vehicle-miles traveled. Fourteen

states have created an agency or other mechanism to develop and coordinate land use policies. Six states have set targets for reducing vehicle-miles traveled. In addition, some states—led this year by New York, New Jersey, and Washington—have prioritized the funding of public transit through the allocation of state funds and/or by transferring portions of their federal highway dollars.

As policies to reduce oil dependence take root, states that adopt cutting-edge plans will be making the nation more secure, protecting drivers' wallets, and enhancing global environmental health. These states' policies can serve as examples for the many states that have thus far taken little or no such action. In addition, the work that Congress is undertaking this year on energy, climate, and transportation policies can lead the way for national policies as well.

Federal Recommendations for Reducing Oil Vulnerability

Confronting the twin challenges of global warming and oil dependence is a tall order. That is why the federal government must enact strong energy policies that complement and support state actions. The Obama administration is off to a good start. In May, the administration unveiled new national standards that would accelerate improvements in vehicle fuel economy (to reach 35.5 mpg by 2016) and that would, for the first time, set a national greenhouse gas emissions standard on cars and trucks (250 grams per mile per vehicle in 2016).

But there is more to do. Specifically, Congress must:

- Adopt comprehensive climate and energy legislation that caps and cuts carbon dioxide emissions, includes a low-carbon fuel standard, and requires regions to adopt oil-saving blueprints for future infrastructure and development. Establishing national global warming pollution limits that get tighter every year will guide federal and state policies to reduce our oil dependence. Meanwhile, carbon dioxide captured from power plants and other sources can be used to enhance oil recovery from existing fields by billions of barrels, putting downward pressure on world oil prices and increasing our domestic production capacity.

- Fundamentally reform federal transportation policy. Since the Interstate Highway System was completed, there has been no compelling, binding vision for federal transportation policy. Congress must enact national transportation legislation that includes: incentives for smart, transit-oriented development; assistance for states and regions to save oil; and ample funding for energy-efficient transportation alternatives, including rail and bus lines, bike paths, and sidewalks.