

FACT SHEET

STRENGTHEN U.S. ENERGY SECURITY AND BOLSTER ALLIES BY SHIFTING TO CLEAN ENERGY:

The Way to Counter a Belligerent Petro-state Like Russia Is to Stop Using the Fuel It Makes

The American oil and gas industry is predictably cynical and self-serving. The industry is exploiting the recent Russian invasion of Ukraine—which has created more than four million refugees and caused thousands of deaths in Europe, as well as spikes in oil and gas prices in the United States and abroad as nations reject Russian fossil fuels—to call for an increase in oil and gas production.

The main industry lobbying group, the American Petroleum Institute (API), is asking the Biden administration to allow additional oil and gas leasing on federal lands and waters, issue permits for new domestic energy infrastructure, and approve pending applications for additional liquefied natural gas (LNG) export projects.¹ The United States has already

increased LNG exports to Europe to help stem the immediate need there and ease the transition away from Russian oil and gas.² However, taking the API's requested steps toward more drilling and more pipelines will not help Ukrainians, will not facilitate a long-term global rejection of Russian oil, and will not relieve U.S. gasoline and energy prices.

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An oil refinery in Texas City on Galveston Bay, Texas.

Continued reliance on fossil fuels is the problem—not the solution.

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Pipes laid out at a construction site for Columbia's Line MB Extension in Baltimore County, Maryland.

Continued reliance on fossil fuels is the problem—not the solution. Fossil fuels keep the world locked into volatile oil and gas markets and tie us to the whims of belligerent petro-states like Russia, all while funding conflict like the war still raging in Ukraine. The only real long-term solution is clean energy.

Instead of acquiescing to the demands of the fossil fuel industry, the United States must reduce the nation's dependence on oil and gas and support a rapid switch to clean energy. Congress can provide immediate relief for rising energy costs and unlock more than \$550 billion in investments in climate, clean energy, and aid for overburdened communities. Additionally, the Biden Administration can also strengthen fuel economy standards that improve the efficiency of light-, medium-, and heavy-duty cars and trucks (reducing the use of gasoline and diesel) and accelerate the transition to electric vehicles.³ This will usher in greater energy and economic security, mitigate the worst effects of the climate crisis, and protect public health.

INCREASING OIL AND GAS PRODUCTION IS NOT THE ANSWER TO HIGH ENERGY PRICES

There are several problems with the industry's demands. For one thing, it is not easy to simply increase fuel production. It typically takes three to five years to build a new LNG export terminal.⁴ Similarly, after drilling leases for oil and methane gas (also known as natural gas or fossil gas) are issued, it can take years to explore and develop deposits, regardless of whether they are beneath federal, state, or private land.⁵ New or expanded federal leasing and permitting—clearly a top priority for the industry—would do nothing to boost U.S. oil and gas supplies in the near term and little in the long

term either, as more than 70 percent of our oil and nearly 90 percent of our gas come from state and private leases.⁶ Agreeing to the industry's demands would do nothing to help the current market situation—and the oil and gas producers know this.

Moreover, U.S. oil and gas prices are tethered to a global market that is influenced by a variety of factors that aren't easy to manipulate or predict, including price shocks from war, infrastructure failures, disease, weather, and OPEC supply decisions.⁷

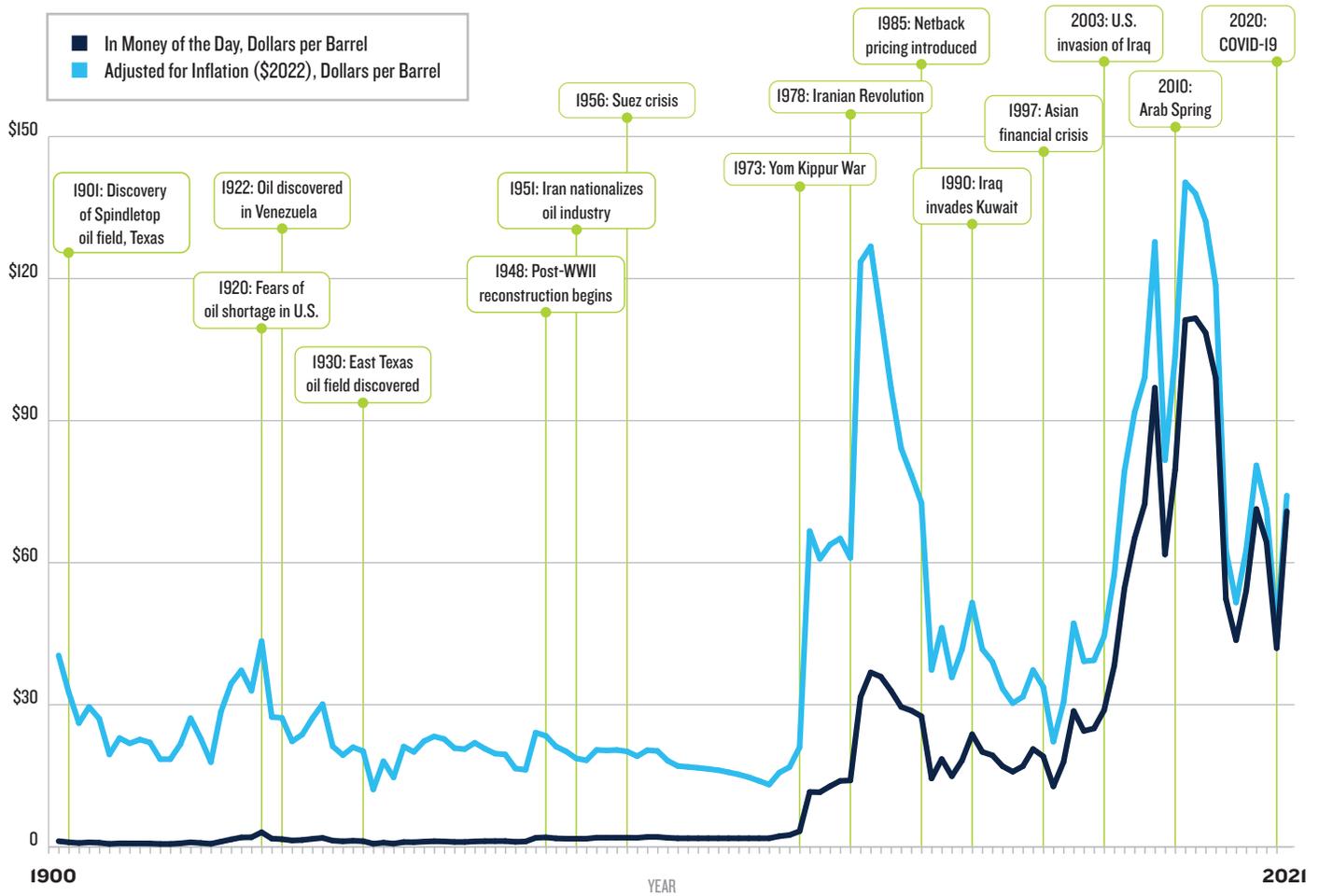
OUR RELIANCE ON FOSSIL FUELS ONLY CREATES MORE INSTABILITY

The specifics of API's misinformation aside, increased oil and gas production is not the answer. The global reliance on oil and gas has never made America, or the world, safer.

The United States is the world's largest producer of oil and gas—and a net exporter of both, meaning that we export more than we import.⁸ But the significant increase in oil and gas production domestically over the last decade has not insulated us from the volatility we have seen in fossil fuel prices. In fact, as the United States has become a major exporter of fossil fuels, we have become *more* exposed and vulnerable to the dramatic price swings of the global gas and oil markets.

Instability caused by war, pandemics, fossil fascists, and sudden changes in supply has historically led to major jumps and falls in the price of oil and gas (Figure 1).⁹ Moreover, those very commodities are drivers of armed conflict: Between one-quarter and one-half of wars between nations since 1973 have been linked to oil.¹⁰ Oil and gas do not provide stability, no matter how much we produce.

Figure I: Crude Oil Prices 1900–2020, Mapped Against Historical Events



Adapted from BP's *Statistical Review of World Energy*: <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2021-full-report.pdf>

At the same time, global fossil fuel dependence means a reliance on, and tacit support of, autocratic petro-states like Russia. Russia gets 36 percent of its federal budget from oil and gas exports and is now using that money to finance its military aggression, attack its neighbors, and disrupt global security.¹¹ The best way to stop autocrats who sell oil and gas to pay for war is to stop using those fuels.

Amid this global unrest, it's the oil and gas companies that reap the rewards. Oil and gas companies were making enormous profits prior to the invasion of Ukraine, and these returns are only increasing as geopolitics and world events continue driving up the price of oil and gas.¹² Those record profits benefit the small number of people who own oil and gas company stocks, leaving the rest of us with higher prices at the pump and higher electricity bills at home.

In addition, the climate crisis—driven primarily by greenhouse gas emissions released when producing and

burning fossil fuels—is already here.¹³ One need look no farther than the latest newspapers filled with accounts of fires and floods to see the urgent need to move past fossil fuels and transition to clean energy. In February 2022, the United Nations released its latest report on the rising costs and mounting dangers that climate change is inflicting on the world's people, natural systems, and critical infrastructure.¹⁴ The report is a high-definition map of global misery, with rates of disease and death rising; crops and livestock stricken; social progress constrained; economic growth hampered; and forests, coral reefs, and other essential ecosystems and species stressed, often to the brink of extinction.

But we can curtail these dangers by dramatically and immediately reducing fossil fuel usage. Americans understand this: Some 69 percent support taking steps to become carbon neutral by 2050 and prioritizing the development of alternative energy sources over fossil fuels.¹⁵



A fast-charging station for electric vehicles in Columbus, Ohio.

WE MUST TRANSITION AWAY FROM FOSSIL FUELS

Here's the bottom line: The only real solution is to get away from oil and gas and move to a clean energy future. We must speed the shift to 100 percent clean energy sources that won't condemn us to endless cycles of chaos, suffering, and war, and lead us to a climate catastrophe.

Methane gas is consumed across the U.S. economy, serving as the largest fuel source for electricity generation and used directly to heat our buildings.¹⁶ The vast majority of oil is made into gasoline and diesel fuel to power our vehicles. The solutions for reducing our dependence on these fossil fuels—

renewable energy, energy efficiency, and efficient electric appliances and vehicles—are available today. They will not only reduce our reliance on nations that use energy as a weapon but also make our economy stronger and our country more secure. Pursuing these solutions is how we invest in a livable future. The worst thing to do now would be to lock future generations into additional decades of reliance on these dangerous fuels, which is exactly what the oil and gas industry is trying to do.

*We must also take steps to ensure that this crisis never happens again—
which means rapidly moving to clean energy.*

CONGRESSIONAL ROAD MAP FOR SPEEDING THE SHIFT TO CLEAN ENERGY

Recommendations for providing immediate relief for rising energy costs in the United States

Some 24 percent of U.S. households sacrificed other necessities—such as food or medicine—in order to pay their utility bill at least one month in 2020, including more than half of low-income households (51 percent) and 30 percent of households of color.¹⁷ And that was before energy prices started their recent steep climb. The Russian invasion of Ukraine and subsequent sanctions have further raised the price of fuel at home—from the gasoline and diesel we put in our cars to the gas we use to heat our homes. This is an urgent problem that demands immediate action. Accordingly, NRDC has developed recommendations for ways Congress can provide immediate relief for rising energy costs in the United States.¹⁸

To address rising natural gas and electricity costs:

- **Increase funding for the Low-Income Home Energy Assistance Program (LIHEAP).** Utility bill arrearages are rising, and the top federal program to address high energy cost burdens—the 40-year-old LIHEAP—is running out of funding it received from Congress to help consumers cover utility bills during the pandemic. The president and Congress should supplement current funding with an additional \$5 billion, to provide desperately needed relief to utility customers.
- **Increase funding for the Weatherization Assistance Program (WAP).** A companion to LIHEAP, WAP was created in 1976 to help income-qualified families cope with high energy bills—and it remains especially vital in the current situation. WAP delivers badly needed upgrades—including new insulation, better lighting and windows, and more-efficient and less-polluting appliances—to about 35,000 homes per year, lowering their energy usage and utility bills.¹⁹ The Bipartisan Infrastructure Law boosted WAP funding in the current fiscal year to \$3.5 billion, which will cover only a fraction of the 40 million homes eligible for weatherization improvements.²⁰ We must sustain the boost delivered by the new law for at least the next decade in order to protect consumers from high energy prices both now and in the future, make us more energy secure, reduce heat-trapping carbon pollution, create good jobs, and deliver better and healthier homes to millions of Americans.

To address rising oil prices and make oil companies pay their fair share:

- **Impose a Big Oil windfall profits tax.** Impose a tax on the exorbitant profits large oil producers are reaping due to Russia’s invasion of Ukraine, and use the funds raised to provide relief to Americans saddled with high prices at the pump and the rapidly rising cost of consumer goods.
- **Reform current subsidies.** End last in, first out (LIFO) accounting, which allows oil and gas producers to report artificially high operating costs and thus enjoy significantly reduced tax liability.²¹ This practice is already prohibited under International Financial Reporting Standards.
- **Enact responsible development reforms.** Limit oil and gas industry speculation by imposing a deadline by which leased federal lands and waters must enter development or else be forfeited. This will ensure that public land and resources are not held indefinitely by an industry that indicates little or no interest in actually using those resources.

Recommendations for rapidly transitioning to clean energy in the United States

We cannot stop at addressing the immediate need for relief. We must also take steps to ensure that this crisis never happens again—which means rapidly moving to clean energy. NRDC has advocated for years for policies to reduce our dependence on fossil fuels, such as strengthening fuel economy standards, incentivizing the switch to electric vehicles and renewable power, and investing in building energy efficiency. This moment only underlines the need to promote policies and take actions that will accelerate our transition to a clean energy economy.



Workers installing a solar panel array in southern Vermont.

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Under the current Congress, that means passing legislation that calls for a record \$550 billion national investment, over 10 years, in cleaner, smarter ways to power our future.²² If enacted, such a bill would provide the strategic investment we need to confront the climate crisis, generate jobs, strengthen the economy, and create a more equitable society.

Tax incentives are critical to driving clean energy and electric vehicle deployment, reducing the cost of renewables and other clean energy resources, and rapidly expanding wind and solar power infrastructure across the country. Among other features, this legislation should include the following:

- **Renewable electricity production credits.** Provide tax credits for producers of clean electricity. Research shows that tax credits have already increased the use of renewable electricity resources nationwide.²³ They have especially driven investment in and growth of the wind and solar industries.
- **Energy storage and transmission investment tax credits.** Provide a tax credit to incentivize the building of a modern, long-distance, efficient electric transmission system that can move low-cost renewable energy from where it's generated to where it's needed. This infrastructure will enable the balancing of variable wind and solar power on a national scale, enhance grid resilience and security, and ensure that renewable energy suppliers can find customers.
- **Building energy efficiency and heat pump tax credits.** Provide rebates and tax credits to help Americans switch from fossil fuels in their homes to highly efficient electric space and water heating powered by a clean and reliable electricity grid. High-efficiency heat pumps are three to five times more efficient than typical gas equipment for heating water and indoor spaces, and they are readily available in the market; this combination of efficiency and electrification will lower bills and reduce climate-warming pollution.²⁴ Tax incentives and rebates for super-efficient heat pumps could save Americans \$37.3 billion a year on their energy bills and create 462,000 installation jobs that could not be automated or moved offshore.²⁵

- **Electric vehicle (EV) tax credit and new transit service.** Provide a tax credit of up to \$12,500 to Americans who buy a new or used EV, making these vehicles more affordable for middle-class and lower-income families. Electricity is cheaper than gasoline, and its price tends to be more stable.²⁶ Factoring in purchase price, fuel, and maintenance costs, owning an EV is already cheaper than owning a similar gasoline-powered car, and EVs help reduce greenhouse gas emissions from the transportation sector.²⁷ Fuel-efficient mobility choices such as commuter rail and bus rapid transit further reduce U.S. dependence on oil, and legislation pending in the Senate would deliver billions of dollars of additional investment in new, high-quality transit service.

We must also ensure that the transition to clean energy does not disproportionately impact overburdened populations. Low-income people and communities of color are disproportionately burdened by our reliance on fossil fuels. We know that the health and economic consequences of climate change in America impact the poor and people of color the most.²⁸ And these communities face the highest energy burdens, spending a greater proportion of their income on energy bills than the average household.²⁹ An environmentally responsible transition to clean energy must also be just and equitable, to ensure that these communities don't also shoulder the greatest burden of this change.

While this fact sheet focuses on legislative solutions to our unsustainable reliance on oil and gas, regulatory actions will also have a crucial role to play. For example, to reduce oil dependence and help drive the transition to zero-emission vehicles, we must continue to adopt strong vehicle fuel economy and tailpipe standards.³⁰

These immediate steps to reduce current costs for consumers, coupled with long-term actions to move America away from fossil fuels, are the best—and only—way to ensure a secure energy future.

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