

## **ENERGY OUTLOOK OFFERS GRIM FOSSIL FUEL FORECAST**

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The status quo guarantees future dominance of fossil fuels, according to an authoritative government projection. As the U.S. Senate today debates whether to bar the Environmental Protection Agency from regulating greenhouse gases, it's worth considering what would happen if every country in the world failed to pass laws and policies curbing the use of fossil fuels.

The latest International Energy Outlook, an annual forecast by the U.S. Energy Information Administration, provides a cautionary "what if" for the global energy future if current policies remain unchanged. Driven by population and economic growth in developing countries, the world in 2035 would be more dependent on fossil fuels than ever, it finds. Countries overall would be consuming 49 percent more energy and spewing 43 percent more carbon dioxide into the atmosphere in 2035 than in 2007. Highlights of the international outlook were released in late May, and the full report will be available in July. Earlier this year, Miller-McCune.com reported on the administration's energy forecast for the U.S. to 2035.

The burgeoning world demand for energy comes in part from an extra 1.8 billion people by 2035, for a total population of 8.5 billion. The fastest-growing regions are India, the Middle East, Africa and Central and South America — in short, much of the developing world. In addition to population, the outlook finds, strong growth in gross domestic product would help fuel an 84 percent increase in energy consumption in those countries and China by 2035, absent any new national policies or binding international agreements on climate change. Coal consumption would increase by more than 50 percent, with most of the increase coming from Asia, minus Japan and South Korea. In 2035, coal still would fuel the largest share — 43 percent — of the world's electricity.

At the same time, 30 countries belonging to the Organization for Economic Cooperation and Development, including the U.S., Canada, Australia, New Zealand, Japan, South Korea, Iceland and much of the European Union, would see an increase of 14 percent in their energy consumption by 2035. These countries have been undergoing a transition from manufacturing to service economies, and their gross domestic product is projected to grow only half as fast as in the rest of the world. Their population also would grow more slowly. Europe, for example, would grow 0.2 percent yearly, compared to a 1.7 percent in Africa.

The global recession has had a profound impact on energy demand, causing it to contract by 1.2 percent in 2008 and 2.2 percent in 2009, as manufacturing sharply declined, along with consumer demand for goods and services. But the outlook shows that oil consumption will rise again this year and every year after that, and oil will remain the world's largest energy source. If energy policies remain unchanged, an estimated 26 million extra barrels of oil per day would be needed by 2035 to meet the world demand.

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<sup>1</sup> ©Miller-McCune.com report, July 10, 2010

As the price of oil increases to \$133 per barrel in 2035, the outlook finds, nuclear power would become competitive with fossil fuels, resulting in a 70 percent increase in electricity generation from nuclear power, mostly in Asia and Central and South America. With the exception of hydropower and wind power, most renewable sources of energy would not be economically competitive with fossil fuels. “Typically,” the outlook states, “government incentives or policies provide the primary support for construction of renewable generation facilities.”

Of course, energy policy is not likely to stay static for the next 25 years. The U.S. House of Representatives in 2009 approved a bill that aims to cut greenhouse gases by 17 percent by 2020 and 83 percent by 2050.<sup>2</sup> Senate Democrats introduced similar legislation last month. Getting the votes for policy change will be an uphill battle, though. Today, the Senate debated a resolution that challenges U.S. regulatory power over greenhouse gases under the Clean Air Act. It would bar the EPA from regulating greenhouse gases at power plants, oil refineries and other large-scale industrial facilities. The resolution, introduced by Sen. Lisa Murkowski, R-Alaska, was defeated on a 47-53 vote.

“The Clean Air Act was written by Congress to regulate criteria pollutants, not greenhouse gases, and its implementation remains subject to oversight and guidance from elected representatives,” Murkowski said in a press release earlier this year. “We should continue our work to pass meaningful energy and climate legislation, but in the meantime, we cannot turn a blind eye to the EPA’s efforts to impose back-door climate regulations with no input from Congress.”

Senior administration officials have said they would have recommended a presidential veto if the Senate approved the resolution. In a statement to the Senate this week, the Office of Management and Budget said the resolution would block the administration’s efforts to promote fuel economy standards, reduce the impacts of catastrophic oil spills and jump-start investment in renewable energy. Further, the office said, the resolution “would increase the nation’s dependence on oil and other fossil fuels and block efforts to cut pollution that threatens our health and well-being;” and is “contrary to the widely-accepted scientific consensus that greenhouse gases are at increasingly dangerous concentrations and are contributing to the threat of climate change.”

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<sup>2</sup> This sentence originally included the clause, “roughly in line with the recommendations of the Intergovernmental Panel on Climate Change.” That was not case. The House bill falls well short of those targets, which were designed to avoid runaway climate change. In 2007, the panel warned that in order to avoid the worst consequences of global warming, the U.S. and other industrialized countries must reduce their greenhouse gas emissions by 25-40% by 2020, and by 80-95% by 2050, *below 1990 levels*. The House bill shifts the baseline and lowers the targets, calling for a 17% reduction in U.S. greenhouse gas emissions by 2020 and an 83% reduction by 2050, *below 2005 levels*. Miller-McCune.com report, “On Second Thought,” M. Burns, June 16, 2010.