



Insight

SOTU: State of Energy

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On Tuesday, President Obama is going to tell Americans a lot about what he's done over the last six years to make energy cheaper, cleaner, and easier to access. He'll tell us that his policies drove down dependence on foreign oil, slashed gas prices, and reduced our impact on global climate change, and he'll be wrong.

The president has presided over [a period of dramatic expansion in the energy industry](#), but his policies had nothing to do with this success. Pro-growth state policies have allowed developers to identify and produce oil and gas on private lands across the country; now the U.S. is the largest oil and gas producer in the world, outpacing Russia and Saudi Arabia. This new supply has dramatically reduced [oil imports](#), all without the president lifting a finger.

Gasoline prices are at their lowest level in five and a half years, but the White House can't claim credit. Booming North American oil production is destabilizing decades-old supply trends on the international market, driving down oil prices. OPEC feels threatened, forcing the cartel to choose between [ceding their market share or engaging in an all out price war](#). They've picked a price war, and American consumers are reaping the benefits of lower fuel costs.

Greenhouse gas emissions have certainly declined since the president took office, but we have economic trends to thank. Americans are driving less, electric generators are relying more on clean-burning natural gas, and industry energy use declined during the economic downturn. While President Obama might sing the praises of more investment in wind and solar, state policies had the biggest impact. Amid intermittent federal tax breaks for renewables, 38 states have enacted renewable energy and energy efficiency targets to pull renewables onto the market.

So what should President Obama take credit for on Tuesday?

The President has helped make energy infrastructure a risky investment. Prolonging a decision on whether to grant a building permit to the Keystone XL pipeline has sent a chilling signal to the industry. The only thing made clear by the six years and four months of delay is that this administration is inclined to favor talking points over hard data. [By every measure, Keystone XL will actually benefit the environment and the economy.](#)

The President has missed [the opportunity to turn our energy boom into a diplomatic advantage](#). Other major energy producers, particularly Russia and Iran, use their supplies to have an outsized influence on international affairs. The U.S. does not. Despite booming production and calls from our allies to export our products, the Obama administration continues to drag its feet on approving the export of natural gas and crude oil.

The President also proposed carbon regulations that would give EPA new and unprecedented control over the electric power industry, [presenting serious concerns for keeping electricity accessible, affordable, and reliable](#). As proposed, EPA's regulations would [shut down 71 gigawatts of electric power \(that's 6 percent of all capacity\)](#), [impose \\$8.8 billion in costs](#), and [threaten the reliability of our electricity grid](#). This is a dramatic expansion of powers for the EPA, extending their authority past pollutant reduction and allowing the agency to

control every step in power production, trade and use.

Missed opportunities and misguided policies from this administration have placed roadblocks in the way of future energy growth. Lower prices, greater energy access, a cleaner environment, and reduced dependence on foreign oil are the result of an inventive energy industry, even *despite* a headwind from this administration's policies .