OurEnergyPolicy.org

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Experts Agree Leading Indicators Matter for Future of Fossil Fuels

August 24, 2017 - Washington, D.C. – In an OurEnergyPolicy.org (OEP) discussion hosted by Carl Pope, former director of the Sierra Club, energy professionals said important indicators for projecting the future of fossil fuels include capital investment, commodity prices and subsidies. OEP is a nonpartisan forum for online dialogue about U.S. energy policy.

In her energy column for Axios, journalist Amy Harder wrote: "(Mr. Pope and OEP are) offering a rare, non-polarized discussion about a topic everyone in energy and climate industries should care about, no matter what side of the polarizing debate you fall on."

Mr. Pope asked OEP's diverse network of energy professionals to identify the most important assumptions for projecting the future of fossil fuels. In response, participants provided several written comments about leading indicators. Specifically, capital investment in fossil fuels was considered by many to be a strong indicator.

"Energy investments in fossil power plants, and transmission/distribution of fossil fuels indicates the market's expectations on their future. And those expectations encompass supply, demand, and policy," wrote Dr. Brent Nelson, Professor of Engineering at Northern Arizona University. Mr. Pope also favored tracking infrastructure investment, stating it is the "most easily measured leading indicator."

Regarding the future of oil and gas, Michigan State University Professor of Chemical Engineering Dr. Bruce Dale added, "I cannot think of a better leading indicator than total investment in finding, producing and bringing fossil energy to market...The bottom line is that discoveries of new oil and gas have trended down in recent years, and most recently, the bottom has dropped out of capital investment in finding more oil and gas."

Additionally, participants cited commodity prices and subsidies as key indicators to follow. Former CEO of the Marshall Institute and regular Hill contributor, Bill O'Keefe, stated "[i]n the U.S., the best indicators are price and subsidies. In a market that is not tilted by subsidies, oil and natural gas use will only decline when they become more expensive than alternatives."

Others looked to environmental indicators and specifically, the concentration of CO_2 in the atmosphere. Industry investor Dan Miller wrote, "[i]t [CO_2] is a direct reading of fossil fuel emissions, land use changes, and the Earth's response to warming. It's the only indicator that really matters when it comes to climate change."

OEP will prepare a summary of Mr. Pope's discussion for government officials, staff and journalists as a resource to assist in understanding energy issues and crafting sound policies.

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