



Reducing the Need for U.S. Drilling Through Energy Efficiency

The toll from the April 20 explosion on the Deepwater Horizon oil rig in the Gulf of Mexico is devastating. Nearly 4 million barrels of oil have poured into Gulf waters,¹ destroying fragile marine and coastal ecosystems and inflicting untold economic damages on businesses and residents in the Gulf region. The effects of this spill—one of the largest in history—will be felt for generations.

For more information, please contact

Lane Burt at NRDC at 202-513-6255 or read his blog at <http://switchboard.nrdc.org/blogs/lburt/>

or **Sarah Stellberg** at IMT at 202-525-7005, ext. 301



www.nrdc.org/policy

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With the disastrous consequences of oil dependence on full display, now is the time for action that will significantly reduce U.S. oil consumption and the need for offshore drilling. America's oil addiction is driven by our lack of efficient transportation choices and overuse of plastics and petrochemicals, but a significant amount of oil is still used for heating across the country. Why not retrofit these homes and workplaces so they use less energy?

Energy efficiency is the fastest, cheapest, and cleanest energy resource we have. Efficiency is not conservation or deprivation; it is getting what you want for less. Efficiency saves consumers and businesses money on their energy bills, reduces global warming pollution, and keeps American energy dollars here. America has the largest efficiency reserves in the world, and buildings are our largest source of efficiency. We have only begun to tap into this enormous resource.

Comparing Building Efficiency and the Gulf Spill

You might guess that buildings consume more than 70 percent of all the electricity used in this country,² but most people don't realize that

buildings also consume substantial amounts of fuel oil and natural gas for heating and other uses. Over 14 million homes use some form of oil as the primary heating source.³ By using less oil in our homes and offices instead of drilling in the Gulf of Mexico and protected offshore areas, we can reduce our dependence on oil and stimulate our economy.

The size of the Gulf spill pales in comparison to the amount of oil we can save by retrofitting buildings. If we retrofitted all of our oil-heated homes and commercial buildings over the next decade so that average energy consumption was cut in half, we would save as much oil as **170 Deepwater Horizon spills**. In fact, retrofitting just the American homes that use some form of oil as a primary heat source over the same period would save oil at the rate of **two Deepwater Horizon spills every month**.

Not counting legal expenses, BP's tab to clean up the oil spill is likely to exceed \$20 billion, according to estimates issued this summer.⁴ If that money was used to retrofit existing homes, we could **slash the energy bills of every single home in Louisiana and Mississippi by at least 25 percent**.⁵ The amount of money that BP has

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already spent to respond to the oil spill⁶ could have been used to retrofit 650,000 homes. That's nearly \$4 billion that could have been spent on U.S.-made insulation, air conditioners, furnaces, water heaters, and other products, as well as the labor to install them.

Of course, oil savings from building efficiency pale in comparison to the savings potential of more efficient vehicles, better urban planning, and increasing transportation options, but the magnitude of the savings potential of the building sector illustrates just how short-sighted our focus on drilling has become.

Efficiency Is Better and Faster Than Drilling in the Outer Continental Shelf

When given the choice between declining U.S. oil reserves in shallow water and risky foreign resources in unstable countries, energy companies increasingly want to drill for oil and gas in the U.S. Outer Continental Shelf (OCS). But this domestic drilling poses similar risks to the deepwater drilling conducted by BP at the Deepwater Horizon rig.

There is a better and safer solution: Retrofitting our oil-heated homes and commercial buildings to 50 percent savings would save **2 billion barrels of oil by 2030, practically offsetting the amount of oil we could get by drilling in the OCS.**⁷ In addition, home retrofits could save more than double the amount of natural gas that we could produce by drilling the Outer Continental Shelf.⁸ We can access tremendous domestic energy resources through efficiency without needlessly risking our oceans and our coastlines.

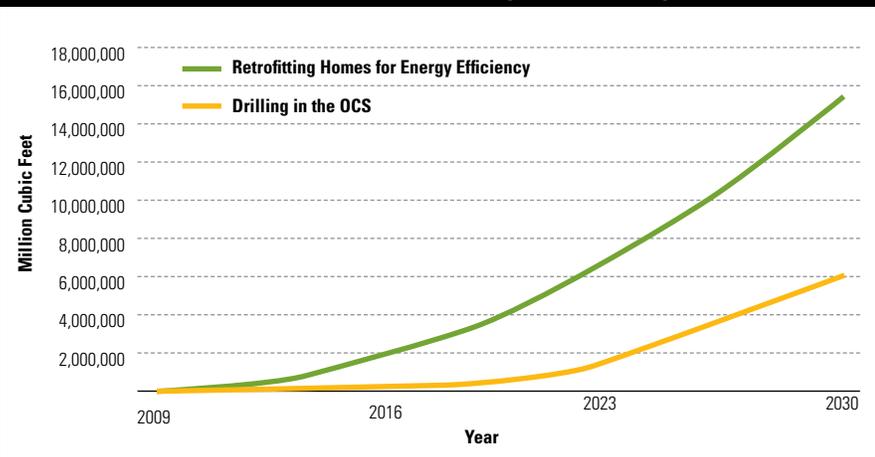
Building Efficiency Creates Good Jobs

We can create jobs by retrofitting homes to be more efficient, rather than by raking oil off of gulf beaches. Clean energy has real jobs potential: According to the Political Economy Research Institute, building retrofits create 11.9 direct and indirect jobs per million dollars of output as compared to 3.9 per million dollars of output for the oil and gas industry, a difference of over 220 percent.⁹

We Need Efficiency Now: Comprehensive Energy and Climate Legislation

What can we do to increase U.S. retrofit activity and reduce our need for offshore drilling? We can begin by passing comprehensive climate and energy legislation that establishes carbon pollution limits and includes an aggressive retrofit incentive program, such as the Home Star program. Home Star would provide incentives to homeowners for making their homes more energy efficient. This new program would provide the largest incentives for the largest energy savings and support the growing industry. The Home Star program will reach 3.3 million homes, create 168,000 jobs, and save \$9.4 billion over 10 years.¹⁰

Natural Gas: Cumulative Retrofit Savings vs. Drilling



¹ Assumes 45,000 barrels per day based on June 15, 2010, estimates from Deepwater Horizon Incident Joint Information Center. <http://www.cnn.com/SPECIALS/2010/gulf.coast.oil.spill/interactive/numbers.interactive/index.html>

² Department of Energy, Building Energy Databook. See <http://buildingsdatabook.eren.doe.gov/TableView.aspx?table=1.1.1>

³ Homes using fuel oil, kerosene, or liquefied petroleum gas (LPG) as the primary heating source, according to the Energy Information Administration, Residential Energy Consumption Survey, 2005. See http://www.eia.doe.gov/emeu/recs/recs2005/hc2005_tables/hc4spaceheating/pdf/tablehc2.4.pdf

⁴ Total cleanup cost (excluding other costs) estimate by Credit Suisse on June 2, 2010. See <http://www.nytimes.com/2010/06/08/business/08sorkin.html>

⁵ About 3 million homes in Louisiana and Mississippi per census data, see <http://www.census.gov/prod/2001pubs/c2kbr01-13.pdf>

⁶ As of July 19, 2010, BP had spent \$3.95 billion on the spill response <http://www.bp.com/genericarticle.do?categoryId=2012968&contentId=7063829>

⁷ Energy Information Administration, "Annual Energy Outlook 2009," p. 36. See [http://www.eia.doe.gov/oiaf/aeo/pdf/0383\(2009\).pdf](http://www.eia.doe.gov/oiaf/aeo/pdf/0383(2009).pdf)

⁸ Ibid.

⁹ Center for American Progress and the Political Economy Research Institute, "The Economic Benefits of Investing in Energy Efficiency," p. 28. See http://www.americanprogress.org/issues/2009/06/pdf/peri_report.pdf

¹⁰ [Homestarcollaboration.org](http://homestarcollaboration.org)