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Fuel Choices:

A Petroleum Industry Perspective

John C. Felmy
Chief Economist
American Petroleum Institute
Felmyj@api.org

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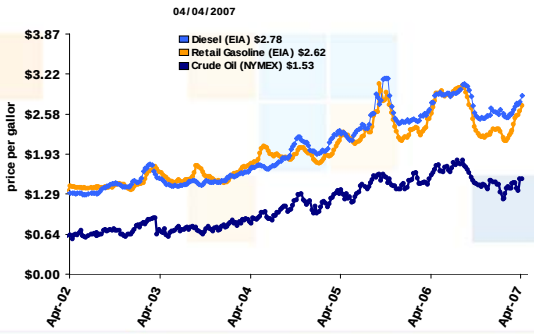
Diesel, gasoline & crude oil prices



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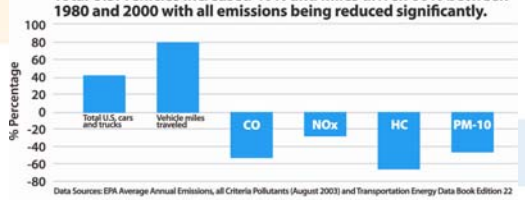
Total U.S. vehicles increased 40% and miles driven 80% between 1980 and 2000 with all emissions being reduced significantly.



Data Sources: EPA Average Annual Emissions, all Criteria Pollutants (August 2003) and Transportation Energy Data Book Edition 22

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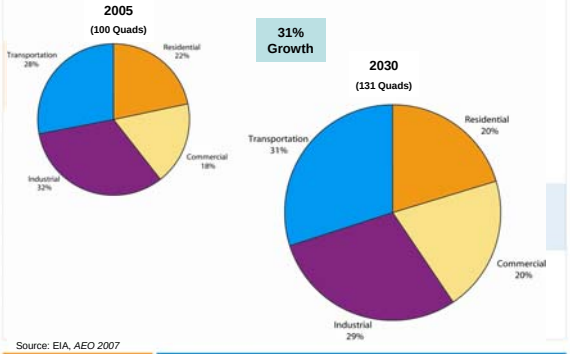
Energy Consumption by Sector
(quadrillion Btu per year)



Source: EIA, *AEO 2007*

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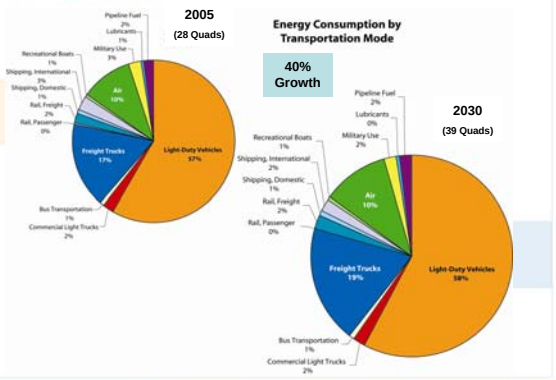

Source: EIA, *AEO 2007*

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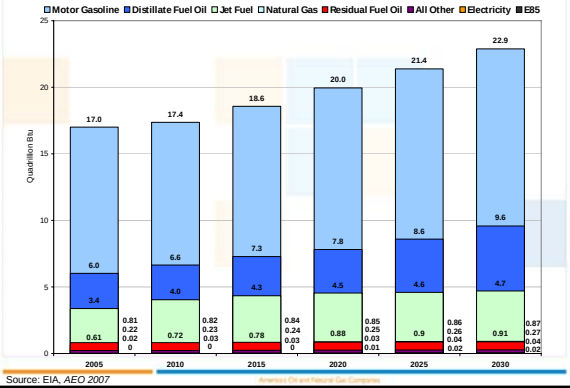
Transportation Consumption by Fuel



Source: EIA, *AEO 2007*

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Ethanol Overview

- Oil companies are the leading user of ethanol
  - The industry has invested significantly to meet and exceed the existing federal requirement for the RFS.
- Under the terms of the Energy Policy Act of 2005 (EPACT05) gasoline producers will continue to increase the amount of renewables.
  - By 2012, at least 7.5 billion gallons of biofuels per year will be used.
- Flexibility in the RFS program enacted last year by Congress will help ease ethanol and other biofuels integration soonest into the nation's gasoline pool.

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The limits of ethanol

If all US corn acreage was used for ethanol

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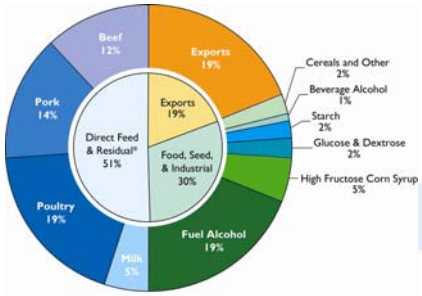
U.S. Corn Use 2006-2007



Source: USDA

*Distillers Grain is in addition to this figure.

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E85 Overview

- Products offered for sale must satisfy our customers expectations.
- Ethanol use may be limited until significant technology breakthroughs permit production from cellulosic biomass.
- E85 is not a viable use of ethanol until cellulosic ethanol is economically viable.
- Market forces and consumer preferences should determine where and how ethanol is consumed.

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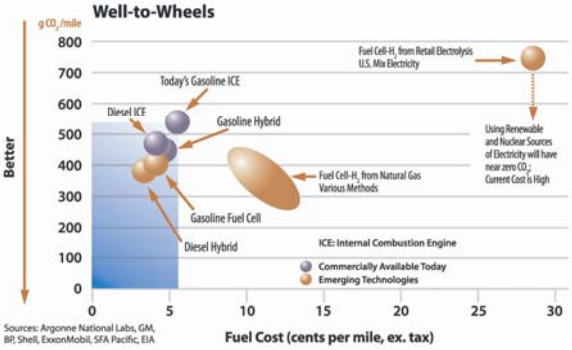
Well-to-Wheels



Sources: Argonne National Labs, GM, BP, Shell, ExxonMobil, SFA Pacific, EIA

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Key Considerations

- Consumer acceptance is key to success of any vehicular system, and industry competition is the fastest means of bringing forward the next generation of transportation options.
- Conversion to advanced vehicles and fuels likely to be evolutionary rather than revolutionary
- Efficiency and emission comparisons of new fuels and vehicles must be developed with a full understanding of the complete economic, environmental and social consequences of any choice.
- The complete safety, health and environmental consequences of any new fuel and vehicle system must be carefully addressed.
- A cooperative approach among stakeholders will speed the transition to future vehicles and fuels.