POWER THE FUTURE

CRISIS

The Man-Made Energy Shortfall Heading for America

POWER THE FUTURE

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INTRODUCTION

The world is on the brink of a man-made energy crisis. It is not a shortage nor a supply chain issue. It is not a problem of international relations as we witnessed in the 1970's Arab oil embargo. The current energy problem facing the world is the direct result of deliberate and myopic energy policies made by political leaders.

The international community has, for decades, been subject to prognostications of man-made environmental disaster. Forty years ago, the New York Times warned of a never-ending global cooling. A decade later they told of entire countries underwater from global warming. But, unlike these warnings which have never materialized, this current man-made energy crisis is already delivering negative consequences. European nations face skyrocketing energy bills and an increasing dependence on Russia for energy. Its citizens face unaffordable food prices and before we even enter into winter, they are confronting record high heating and utility bills.

Outlined in this report is how the current crisis was not only avoidable but how the current path proposed by the Biden Administration will bring America down this same path. With less than a year in office, President Biden continues to take adversarial actions against America's domestic energy supply while advocating for foreign production increases. The status quo adopted by Washington of undermining our energy supply is hurting families, particularly the poor, on the demand side. Not only are prices skyrocketing, but ample energy supply is being replaced with rationing or blackouts in developed countries.

The warnings against this green transition and dismissed by political leaders are now coming true. This report is another such warning that should not be ignored. Man-made energy crisis is real, and the time to reverse it is now.

The New York Times, 1978

International Team of Specialists Finds No End in Sight to 30-Year Cooling Trend in Northern Hemisphere

By WALTER SULLIVAN

An international team of specialists has concluded from eight indexes of climate that there is no end in sight to the cooling trend of the last 30 years, at least in the Northern Hemisphere.

In some, but not all cases, the data extend through last winter. They

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Celsius, roughly 0.2 to 0.4 degrees Fahrenheit.

Data from the Southern Hemisphere, particularly south of latitude 30 south, are so meager that reliable conclusions are not possible, the report says. The 30th parallel of south latitude passes through South Africa, Chile and southern

Hannover, West Germany. For the period from 1949 to 1976, he has calculated, for 220 points in the Northern Hemisphere, the average temperature of the atmosphere from the separation between the pressure levels near the surface (at 1,000 millibars) and one high up (at 500 millibars). An increase in separation indi-

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by ships at a rate of more than 20,000 a month. The data, plotted for 153 locations, show a gradual cooling broken by a sharp warming in 1967-68.

¶A similar study based on data from weather ships in the North Atlantic has been done by Dr. Martin Rodewald, former head of the Oceanic Division of the German Weather Service. Since the seven American weather ships were withdrawn in 1973 only two have remained but ob-

servations of a cooling trend have contin-

Lamont-Doherty Geological Observatory. This has been most marked in the spring when so highly reflective a cover refrees

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The Vancouver Sun, 2001

THE VANCOUVER SUN, TUESDAY, FEBRUARY 20, 2001

GLOBAL WARMING.

Snows of Kilimanjaro to vanish by 2020

Scientist predicts African icecap's demise due to global warming

By DAVID DERBYSHIRE

SAN FRANCISCO — The icecap of Mount Kilimanjaro one of the most famous landmarks of Africa, will have melted within 20 years because of global warming.

on the Tanzanian mountain has disappeared in the past 12 years. Since it was first mapped in 1912, 82 per cent has been lost.

"At this rate, all of the ice will be gone between 2010 and 2020," said Lonnie Thompson, a geologist at Ohio State University.

tive estimate."

Thompson has conducted an aerial survey of the peak. He has also discovered that global warming was affecting the glaciers of the Andes. "These glaciers are very much like the canaries once used in coal mines," he told the American

Association for the Advancement of Science in San Francisco.

"They are an indicator of mas-

Associated Press, 1989

U.N. Predicts Disaster if Global Warming Not Checked

PETER JAMES SPIELMANN June 29, 1989

UNITED NATIONS (AP) _ A senior U.N. environmental official says entire nations could be wiped off the face of the Earth by rising sea levels if the global warming trend is not reversed by the year 2000.

THE SITUATION

Americans have probably never heard as much about supply chains as they have over the past few months. What used to be a somewhat abstract concept has been made tangible by an ever-widening range of formerly accessible products that are now often unavailable. Want some

Halloween decorations? Good luck.[1] Heck, even pumpkins are tough to come by.[2] And when said products are miraculously in stock? Their prices have increased dramatically.

Rising prices. Energy problems. Even old friend stagflation is making noises.[3] The only thing missing from a full-fledged return to the 1970s is some new music by ABBA and an appearance by Jimmy Carter in a sweater. (Oh.[4])

To be sure, COVID has played a significant role in this latest mess. It, as well as a variety of interrelated factors – including labor issues, increased demand for certain products during a pandemic, lack of coordination among the various players – has resulted in a once-in-a-generation problem that is beginning to impact consumers in ways both large and small.[5]

But not all of these issues are exclusively COVID-related. Take the energy problems that many are experiencing in various parts of the world, and that will almost certainly have immense consequences for Americans in the not-too-distant future. Energy shortages and dramatically rising prices are, to be sure, being exacerbated by a global pandemic. But in reality they are the product of a decades-long effort by the environmentalist left to completely eliminate fossil fuels at whatever the cost. To be sure, this is a debate worth having. Only a willfully antagonistic person would disagree with the notion that affordable, reliable and abundant renewable energy would be a good thing. The challenge, of course, is that other than being (theoretically) abundant, renewable energy is neither reliable nor inexpensive. And forcing consumers to rely on it – especially during periods when there are other significant challenges, like a global pandemic and massive supply chain disruptions, among other things – is already leading to catastrophe.

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THE EUROPEAN UNION

First, let's look at what's going on in Europe. Its current challenges are a clear harbinger of what Americans can expect this winter. And again, issues that appear to be exclusively COVID-related are, in fact, being driven by far larger forces. To be clear, these "forces" are almost exclusively policy-driven, which is why the situation is both incredibly frustrating and, ultimately, solvable.

In the UK, the government is recruiting members of its military to potentially operate tanker trucks in the midst of a major gasoline shortage. There is some debate over whether the issues taking place in England – which include panic buying, long lines, and even reports of violence – are driven by Brexit, fuel shortages, or a lack of qualified

1 https://www.kcrg.com/2021/09/25/supply-chain-disruptions-also-taking-their-toll-halloween-product-availability/

2 https://www.foxbusiness.com/lifestyle/pumpkin-shortage-hits-us

3 https://www.cnn.com/2021/09/19/investing/stocks-week-ahead/index.html

4 https://www.rollingstone.com/music/music-news/abba-reunion-voyage-album-digital-concert-1219815/

5 https://www.washingtonpost.com/business/interactive/2021/supply-chain-issues/

drivers.[6] What is clear is that the situation is unlike anything seen there in decades.

Oil prices are soaring and countries like Spain, Greece and Italy are scrambling to help consumers suddenly confronted with out-of-control energy costs.

And the unintended consequences of far-fetched green policies will have an impact in the UK as far as the eye can see. As was noted in the *Wall Street Journal*, a report from the British Treasury "explains in greater detail than anyone has before exactly how taxation will change in a green economy. Around £37 billion a year will have to be found to replace the fuel taxes that electric-car drivers no longer will pay. That amounts to roughly 1.5% of U.K. gross domestic product a year in lost revenue by the 2040s. This means either cuts on other spending items or alternative taxes such as road-usage charges."[7]

Natural gas prices in Europe have increased almost 600% this year on concerns that there simply won't be enough of it to handle the expected winter surge in demand.[8] Back to the UK, soaring gas prices compelled the nation to restart an old coal plant to help it meet its energy needs.[9] It's only October, and these severe energy disruptions suggest that what might take place in the EU – and globally – this winter could be unprecedented.

A recent report in The Dispatch titled "Europe's Continuing Energy Crisis,"[10] outlines the various ways in which the EU is experiencing massive energy disruptions of its own creation. The EU's climate policy initiative, essentially a European version of the Green New Deal (titled "Fit for 55"[11]), is an effort to cut greenhouse gas emissions by 55% by the end of the decade. To do so, several radical changes would be required, including banning the sale of gasoline and diesel-powered cars, taxing jet fuel, renovating energy-intensive buildings, and a massive expansion of renewable energy sources. In what is certainly a colossal understatement, EU climate policy head Frans Timmermans explained that "We're going to ask a lot of our citizens. We're also going to ask a lot of our industries."[12] What makes the above even more outrageous is the fact that the continent is still the world's largest import market for oil and gas.[13]

The result of all this maneuvering has been predictable. Oil prices are soaring and countries like Spain, Greece and Italy are scrambling to help consumers suddenly confronted with out-of-control energy costs. Mr. Timmermans, again demonstrating a significant unfamiliarity with anything resembling reality, suggested that "we would not be in this position had we had the green deal five years earlier" since that would have resulted in "less dependency on fossil fuels and natural gas."[14] Left unsaid is the possibility that had the EU followed through on the Timmermans

6 https://www.npr.org/2021/09/28/1041154775/british-uk-petrol-fuel-gas-shortage-army

7 https://www.wsj.com/articles/oops-boris-johnson-truth-climate-energy-prices-costs-11634826979

8 https://www.reuters.com/business/energy/energy-price-surge-sends-shivers-through-markets-europe-looks-russia-2021-10-06/

9 https://www.cnbc.com/2021/09/16/europes-energy-crisis-is-making-the-market-nervous-ahead-of-winter.html

10 https://morning.thedispatch.com/p/the-morning-dispatch-europes-continuing

11 https://www.consilium.europa.eu/en/policies/eu-plan-for-a-green-transition/

12 https://www.bbc.com/news/world-europe-57833807

13 https://morning.thedispatch.com/p/the-morning-dispatch-europes-continuing

14 https://morning.thedispatch.com/p/the-morning-dispatch-europes-continuing

plan the situation might, in fact, be even worse. One of the contributing factors to the current European crises is the fact that the wind, well, stopped blowing. "Part of the reason for the increased demand for gas in Europe is less output from wind turbines recently, due to a lack of wind. Calm conditions have meant wind power over the last few weeks has only made up about 7% of the U.K.'s electricity generation. This is compared to 18% for the whole of the months of August and May and 26% in February. This has meant more electricity has to be generated using gas-fired power stations to fill the gap and, also to a lesser extent, from coal-fired power stations too."[15]

But in some quarters Timmermans is something of a voice of reason. Many in the region (including the European Environmental Bureau, or EEB) are disappointed that the Fit for 55 proposals don't go nearly far enough, and would prefer to move more quickly in an effort to end the use of fossil fuels altogether.[16] All this while analysts at Citigroup argue that a cold winter could see Europe "running out of gas" by February.[17] Let that sink in for a moment.

And it's not just issues with oil and natural gas. In China, where coal remains the primary source of electricity, flooding has rendered a number of mines inoperative, resulting in power shortages and electricity rationing.[18] China's coal shortages, also caused by lower imports from Australia, have forced China to buy more liquified natural gas (LNG) on the global sport market, further driving up natural gas prices. According to Reuters, spot Asian LNG prices "surged to a record high of $34.47 per million British thermal units (mmBtu)" earlier this month, "up more than 500% from the same period last year."[19]

Combining all of this with an OPEC reluctant to increase supply (due to concerns about possible additional COVID flare-ups stalling a recovering global economy) and it seems as though Europe might have a very long winter, indeed.

These issues have generated concerns about the role that gas-rich Russia might play moving forward. To date, Russia has opted not to increase its output, perhaps in an effort to compel faster certification for its Nord Stream 2 pipeline.[20] In general, any situation that forces countries to rely on the generosity of Vladimir Putin is suboptimal. But that's what many are facing as a result of decades of energy policy mismanagement.

THE U.S.

Americans are feeling the pinch too. Gas prices are surging,[21] recently hitting a seven-year high, with oil prices reaching $80 per barrel for the first time since 2014. Some, including analysts at Bank of America, suggest that a colder-than-normal winter could push crude to $100 per barrel next year. A recent report from HIS Markit Ltd. indicates that U.S. propane supplies are so scarce – resulting in sky-high prices – that the market is headed toward "armageddon."[22] The Biden Administration's own Energy Information

15 https://www.netweather.tv/weather-forecasts/news/11094-when-the-wind-stops-blowing-the-uk-struggles-to-make-cheap-green-electricity

16 https://eeb.org/eus-fit-for-55-is-unfit-and-unfair-ngos-say/

17 https://www.cnn.com/2021/10/11/business/gas-prices-oil-opec/index.html

18 https://www.cnn.com/2021/10/11/business/gas-prices-oil-opec/index.html

19 https://www.reuters.com/article/china-lng-imports/chinese-buyers-seek-to-boost-lng-imports-for-winter-despite-record-prices-idUSL4N2QX141

20 https://www.cnbc.com/2021/10/19/energy-crisis-russia-opts-against-increasing-gas-supplies-to-europe.html

21 https://www.cnn.com/2021/10/11/business/gas-prices-oil-opec/index.html

22 https://www.bloomberg.com/news/articles/2021-10-19/propane-market-headed-for-armageddon-in-u-s-winter-ihs-says

Administration recognizes that U.S. consumers are likely to pay more for propane heating this winter.[23] Not to be outdone, natural gas futures recently hit 12-year-highs.[24] In a nutshell, the U.S. Department of Energy suggests that home-heating prices will skyrocket this winter.[25]

Why such a grim outlook for the fossil fuel market? The Green New Deal and its adherents are a key driver.

Energy companies here are worried that they won't be able to get their hands on enough fuel. And many are already alerting customers about potentially significant price increases in the coming months.[26] Meanwhile, dwindling supplies of home heating oil are raising concerns about high prices for its users, as well.[27]

A recent *Forbes* article suggested that we'll have to survive the challenge of "not freezing to death" this winter, and quoted Amrita Sen of Energy Aspects as suggesting that "only some form of government intervention that mandates large-scale power cuts and rationing to certain sectors can curb gas demand and temper gas prices materially this winter." The piece also makes clear that this crisis has been years in the making: "The ESG and carbon divestment craze has so demonized fossil fuels (and nuclear) that institutional investors and governments have cut them out of portfolios entirely, and have instead been flowing capital to more socially acceptable low-carbon alternatives. BlackRock announced last year[28] it would no longer finance fossil fuel development (though it still owns a lot). Wall Street gurus like Jim Cramer have called the oil industry 'uninvestable' and 'a perma-short.'"[29] (None of this should be a surprise; after all, BlackRock joined Climate Action 100+ to encourage companies to take action on climate issues, which, according to *The Hill*, "dispenses with any pretense that BlackRock is doing anything but acting as a political activist with a $3 trillion equity portfolio.")[30]

Why such a grim outlook for the fossil fuel market? The Green New Deal and its adherents are a key driver. Just some of the specifics include ending fossil fuels entirely in around ten years, abandoning the Keystone XL pipeline and imposing a moratorium on issuing new oil and gas leases on federal lands. There are other – just as ludicrous – proposals floating around in reconciliation, such as the "Clean

23 https://www.eia.gov/todayinenergy/detail.php?id=50056&src=email

24 https://www.reuters.com/business/energy/energy-price-surge-sends-shivers-through-markets-europe-looks-russia-2021-10-06/

25 https://www.eia.gov/outlooks/steo/report/WinterFuels.php

26 https://www.bloomberg.com/news/articles/2021-10-07/energy-crisis-may-trigger-u-s-winter-blackouts-xcoal-ceo-says?sref=8w5tE3Nb

27 https://www.bloomberg.com/news/articles/2021-10-19/oil-holds-near-7-year-high-as-report-points-to-rising-stockpiles?sref=8w5tE3Nb

28 https://www.blackrock.com/au/individual/blackrock-client-letter

29 https://www.forbes.com/sites/christopherhelman/2021/10/19/energy-crisis-2021-how-bad-is-it-and-how-long-will-it-last/?sh=3a1482fe4c63

30 https://thehill.com/opinion/energy-environment/495673-blackrocks-choice-investment-fiduciary-or-political-activist

Electricity Performance Program," which would raise electricity costs by penalizing natural gas and requiring more intermittent, expensive renewables. House Democrats also included all sorts of restrictions and fees on oil and gas production on federal lands. Will all of this come to pass? Unlikely. But its acceptance and adoption by vast swaths of the U.S.'s elected officials are enough to chill investors and producers, alike.

Today, renewable energy only accounts for about 20 percent of electricity generation in the United States (that number falls to around 10% if hydropower is excluded). And it's become evident that – to this point – renewables are simply not capable of meeting baseload power demands—or the ability to run 24 hours a day, 7 days a week. As we've seen recently, several EU countries have had to scale back their ambitions on this front, especially Germany.[31] Another *Forbes* article hit the nail on the head: "If renewables can't cheaply power Germany, one of the richest and most technologically advanced countries in the world, how could a developing nation like Kenya ever expect them to allow it to 'leapfrog' fossil fuels?"[32]

Unsurprisingly, the issues outlined above – an uneven economic recovery, supply chain problems, a spike in energy prices – have resulted in a "large rebound in coal and oil use" (according to the International Energy Agency).[33]

WHAT NOW?

The question, then, is where do we go from here? As might be expected, both sides in this debate are claiming "victory." Renewable energy proponents suggest that the current issues are the result of a global failure to more fully embrace renewable energy sources; their argument is that more widespread adoption of wind and solar power would have allowed us to avoid the current situation altogether.

The answer, as it turns out, isn't all that complicated. We – meaning every country on earth – need more oil and natural gas, and we will continue to need more of it as far as the eye can see.

The Biden Administration's own International Energy Outlook 2021 makes this abundantly clear. As a *Forbes* article on the latest report explains: "Importantly coming under President Biden's Department of Energy (i.e., under an administration that has the most aggressive renewable energy and electric car agenda in American history), [the] latest modeling still confirms what all previous administrations have: oil and natural gas will remain the foundation of our gigantic energy complex. In fact, under the baseline scenario (which, importantly, avoids speculation and models out current policy and technological trends) oil and gas consumption are

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31 https://www.forbes.com/sites/christopherhelman/2021/10/19/energy-crisis-2021-how-bad-is-it-and-how-long-will-it-last/?sh=3a1482fe4c63

32 https://www.forbes.com/sites/michaelshellenberger/2019/05/06/the-reason-renewables-cant-power-modern-civilization-is-because-they-were-never-meant-to/?sh=3e9a379aea2b

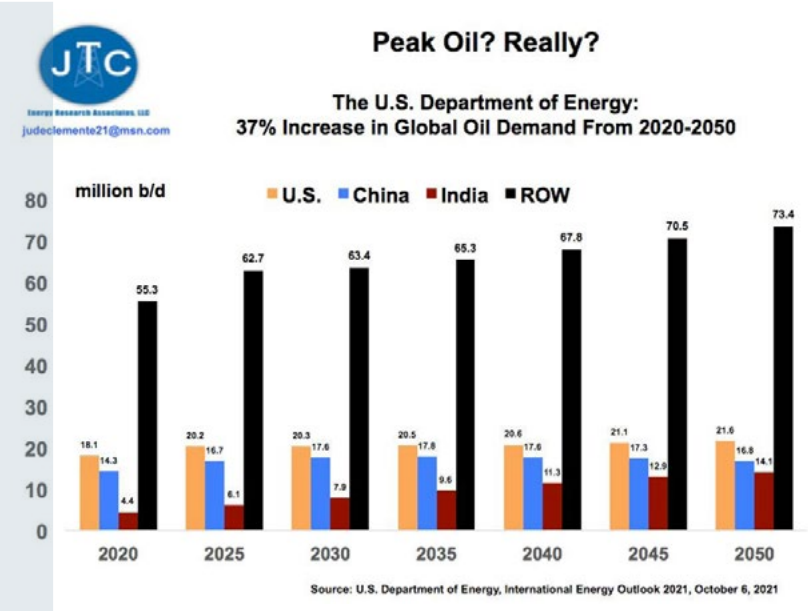
33 https://www.eenews.net/articles/energy-crisis-tests-bidens-clean-electricity-agenda/

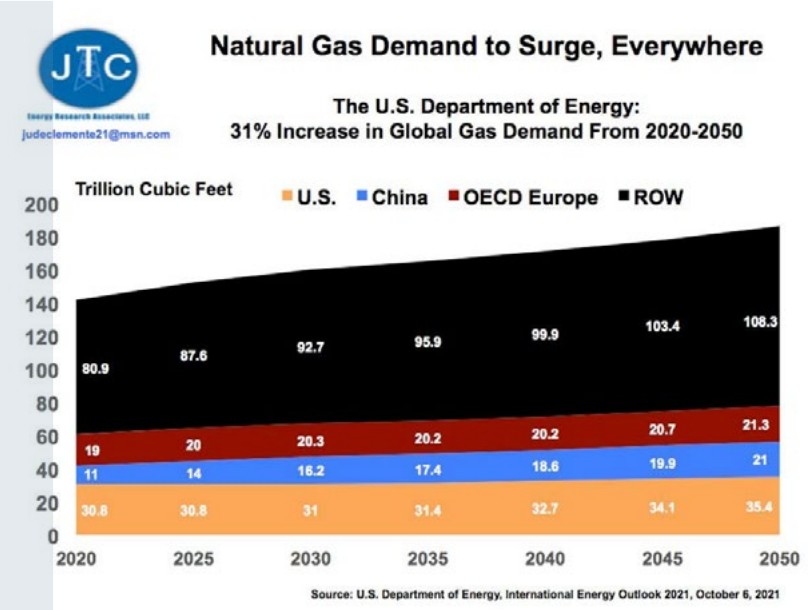
projected to surge."[34]

The world will continue to add people. Economies will continue to grow. Ultimately, the U.S. Department of Energy predicts that "global energy demand will rise another 47% over the next 30 years, with oil remaining the globe's most crucial fuel."[35]

So we will need more energy. Should renewable energy sources be a component of a global energy framework? Of course. But working to eliminate the energy sources – like oil and natural gas – that have transformed our global economy and raised billions out of poverty is exceptionally short-sighted. Instead, we must continue to rely on oil and natural gas while incorporating renewable energy sources as appropriate. The market will be the ultimate arbiter of this debate. Allowing the government to pick winners and losers is a surefire way to cause unnecessary problems, many of which are delineated above (with many more set to arrive soon).

We will continue to have energy debates; that's a good thing. What we hope to have made clear is that the current situation is a product of a number of factors, but the primary reason is short-sighted government policies that are causing significant hardship for consumers, especially those at the lower end of the economic ladder. Surely the 1970s-style energy challenges we're currently facing will convince policymakers that we're headed down a treacherous path. Right?





34 https://www.forbes.com/sites/judeclemente/2021/10/13/president-bidens-department-of-energy-just-affirmed-much-more-oil-and-natural-gas/?sh=722514fe5a7f

35 https://www.forbes.com/sites/judeclemente/2021/10/13/president-bidens-department-of-energy-just-affirmed-much-more-oil-and-natural-gas/?sh=722514fe5a7f