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New MIT Report Calls On U.S. To Maximize Value Of Substantial U.S. Natural Gas Resources By Using More Gas For Electricity Generation and Transportation — Large National Security and Environmental Benefits Seen From Fuel Shift

WASHINGTON — A new two-year study of natural gas by the Massachusetts Institute of Technology (MIT) Energy Initiative backs greater use of the fuel in the electric power sector. MIT says that a near term fuel shift could reduce the power sectors' carbon dioxide emissions by over 10 percent. Given the recent expansion of domestic U.S. natural gas resources, MIT's study also urges the EPA to streamline the rules for converting cars and trucks to run on natural gas so that conversion costs per vehicle can be reduced by over 70 percent to European levels.

An interim report on the study, titled "*The Future of Gas*," is being released on June 25 and coincides with President Obama's call for using natural gas as a bridge fuel to accelerate America's movement toward a clean energy future as well as congressional efforts to curb greenhouse gases. The report says that even a modest shift from coal to natural gas at power plants would achieve a reduction in carbon emissions equal to half of the goal the president set in Copenhagen for 2020.

"There is no longer any doubt that we have the capacity to repower our electricity sector and move away from dirtier fuels," said Gregory C. Staple, CEO of American Clean Skies Foundation, one of the study's sponsors. "The MIT report demonstrates that. It's now up to the Administration and Congress to ensure that any new energy legislation contains a robust natural gas title that reflects these findings."

"At a minimum," Staple said, "a new energy bill should adopt stricter greenhouse gas emission standards for existing power plants and set a timetable for phasing out the least efficient and dirtiest coal-fired power plants, roughly 20% to 25% of generating units. The power from these plants should be replaced with electricity derived from natural gas and renewable fuels."

"The President might also direct the Secretary of Energy to convene a special task force to advise the White House within 180 days on the best way to accomplish these goals and to make additional recommendations on how America should use the 21st century gas resources identified by MIT."

Recent attention to the costs associated with coal and oil production has given momentum to natural gas. In a June 2 speech at Carnegie Mellon University, the President specifically called for "tapping into our natural gas reserves" as a move toward a clean energy future. "The next generation will not be held hostage to energy sources from the last century," he added. "We are going to move forward."

Other major findings and recommendations made by the MIT report include the following:

— **On Carbon Policy:** U.S. CO₂ reduction policy should create a level playing field where all energy technologies can compete, subject to legislated CO₂ emissions goals, without long term subsidies or other preferential policy treatment. In the absence of policies that create a level playing field, the report calls for an interim policy to replicate as closely as possible the major consequences of a level playing field approach to CO₂ reductions. That entails facilitating energy demand reductions and displacement of some coal generation with natural gas.

— **On National Security:** Since natural gas issues will appear more frequently in the U.S. energy and security agendas, energy issues should be integrated into U. S. foreign policy, a move that will require coordination of various agencies and support from the Executive Office of the President.

— **On the Environment:** Public information on the production process for natural gas should be increased and the complete disclosure of all components of hydraulic fracture fluids should be required. Integrated regional water use and disposal plans for gas production also should be required.

— **On R&D:** The government should bolster research into the development of shale gas. Research could help reduce water usage and other environmental impacts of drilling.

— **On Transportation:** Regulatory and policy barriers to the development of natural gas as a transportation fuel should be removed so it can compete with other technologies. Such a move would lessen oil dependence as well as reduce carbon emission.

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MIT's gas study follows prior reports by the MIT Energy Initiative on The Future of Coal (2007) and The Future of Nuclear Power (2003). In addition to ACSF, the current MIT study was underwritten, in part, by Hess Energy and the Colombian National Agency of Hydrocarbons. The Energy Futures Coalition supported dissemination of the study's results.