

Transportation & Energy Issues

FBT Leadership Retreat

July 24, 2008

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Executive Director

Florida Petroleum Council



Florida Petroleum Council

- **Division of the American Petroleum Institute**
- **Represent All Segments of the Petroleum Industry**
 - ✓ **Exploration**
 - ✓ **Production**
 - ✓ **Refining**
 - ✓ **Transportation**
 - ✓ **Retailing**

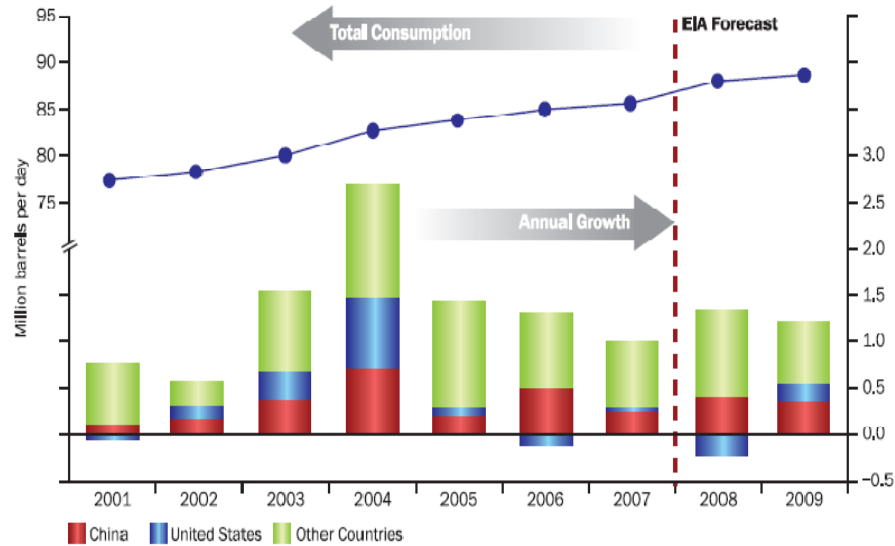
Long-term energy strategy

- Focus on efficiency
- Access to domestic supplies
- Use of alternatives, renewables
- Investment in technology



Current Market Outlook

World Oil Consumption

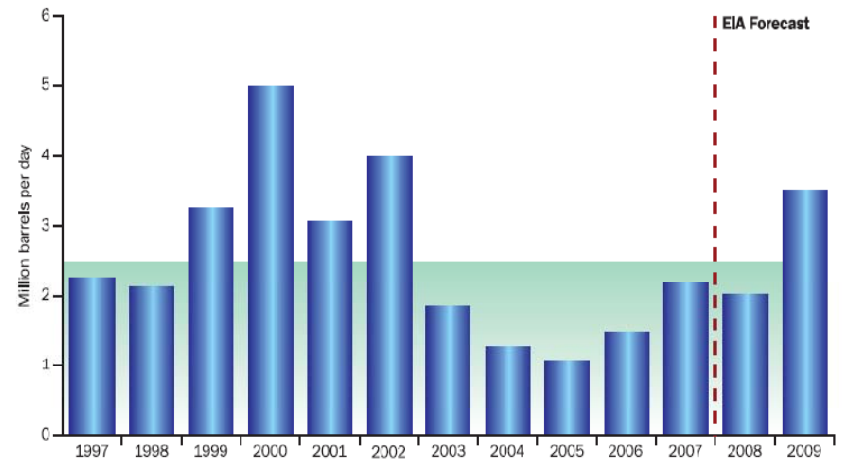


Source: EIA, Short-Term Energy Outlook, May 2008

Increased Global Demand

Decreased Surplus Capacity

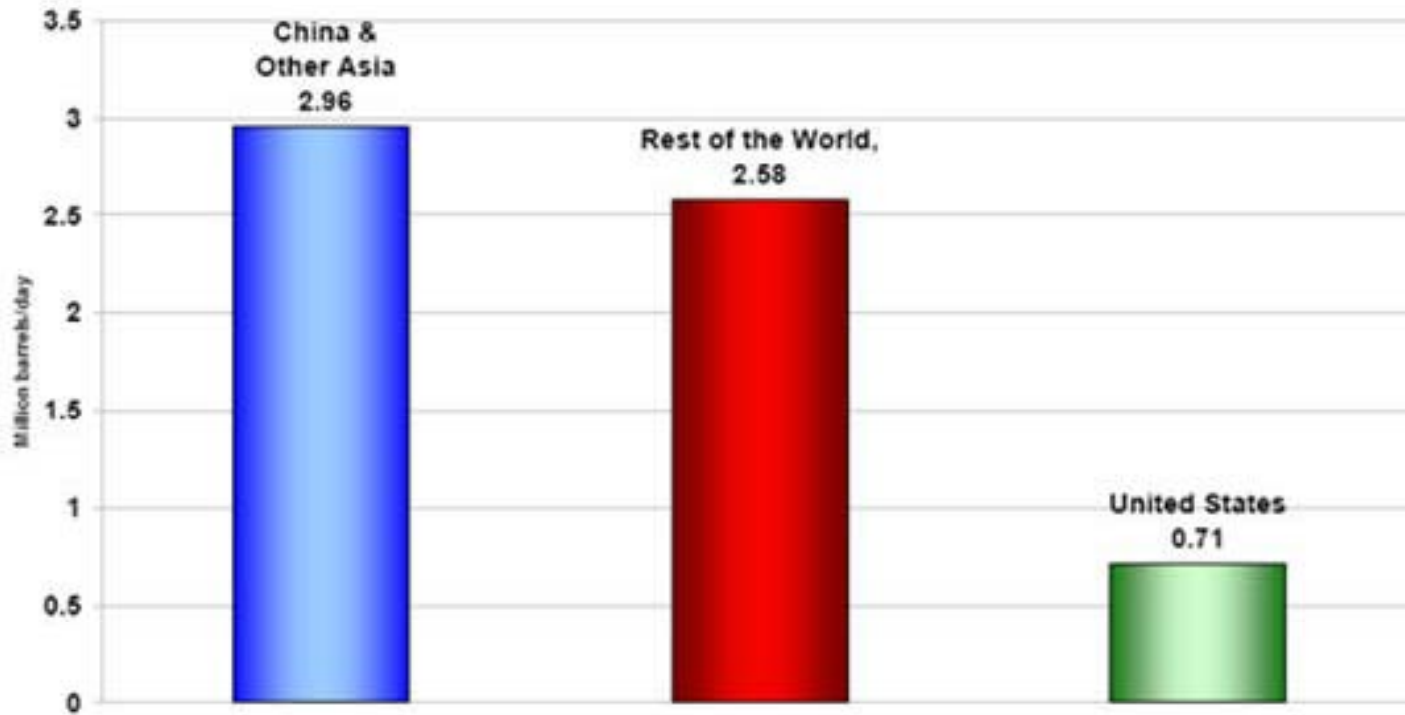
OPEC Surplus Crude Oil Production Capacity



Note: Shaded area represents 1997-2007 average (2.5 million barrels per day)

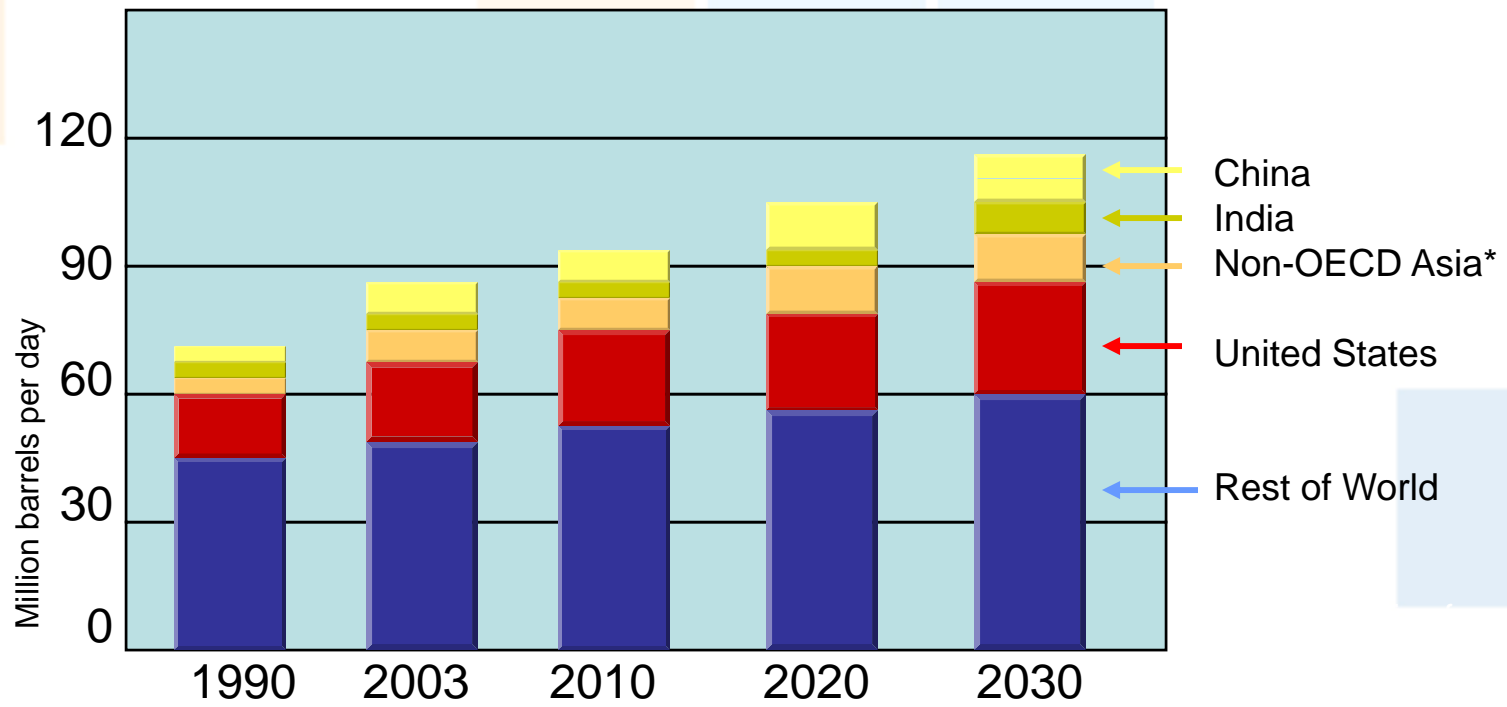
Source: EIA, Short-Term Energy Outlook, May 2008

Growth in Oil Consumption (2003-2007)*

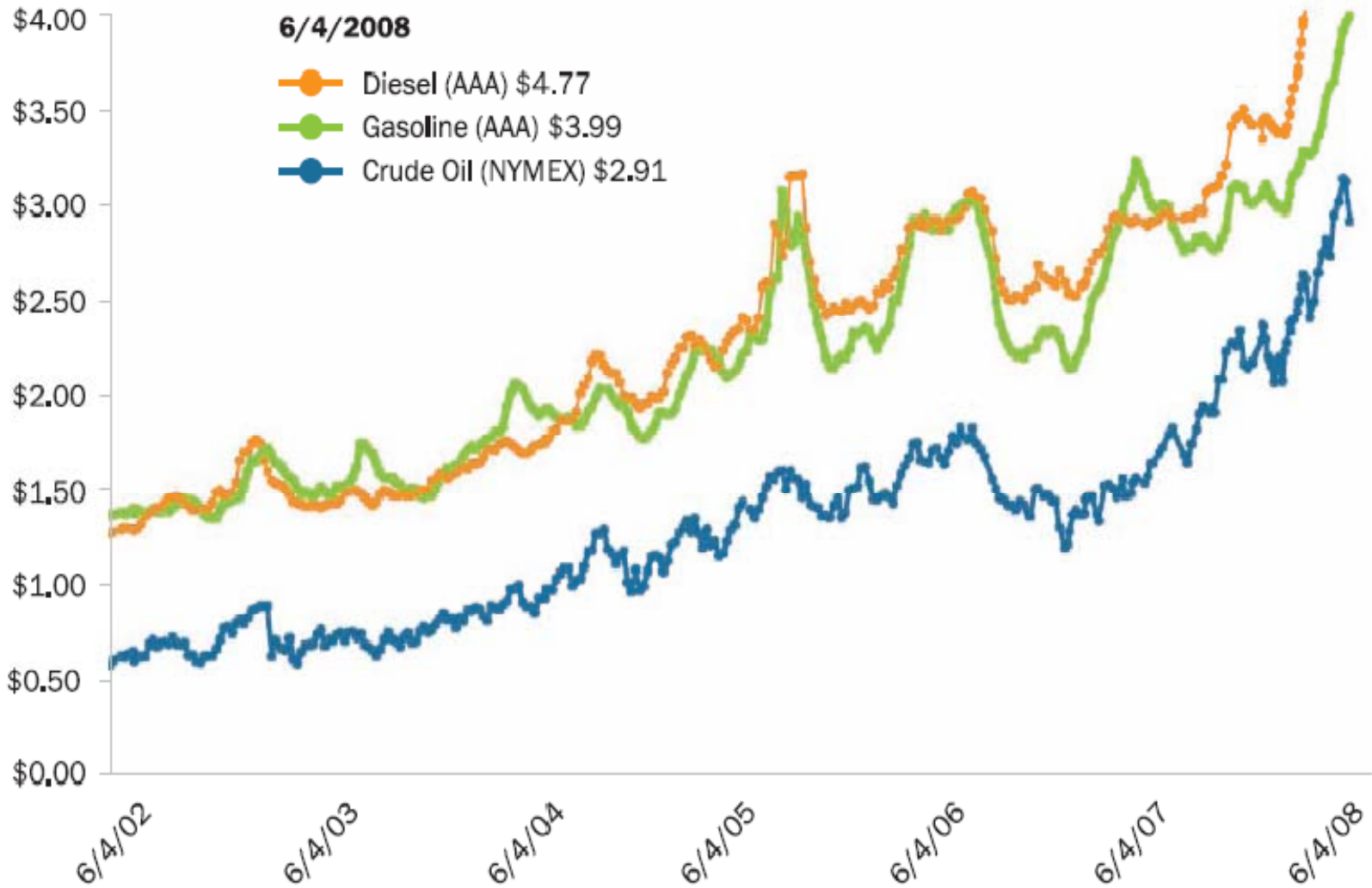


* According to EIA, in 2003 worldwide oil consumption averaged 79.61 million barrels per day and in 2007 it averaged 85.86 million barrels per day

Long term world oil demand forecast

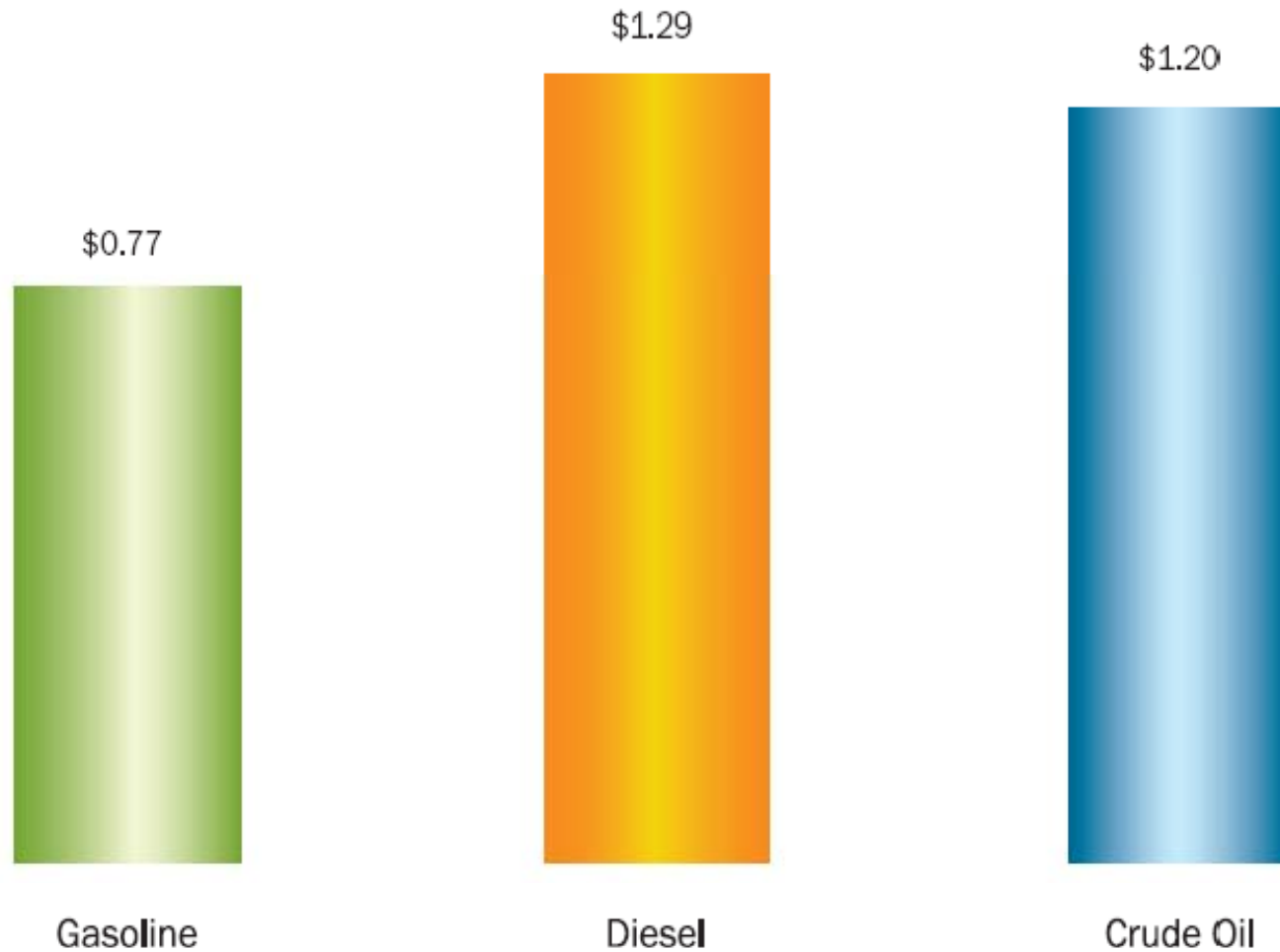


Diesel, Gasoline and Crude Prices



Source: NYMEX (WTI crude oil) and AAA (gasoline and diesel)

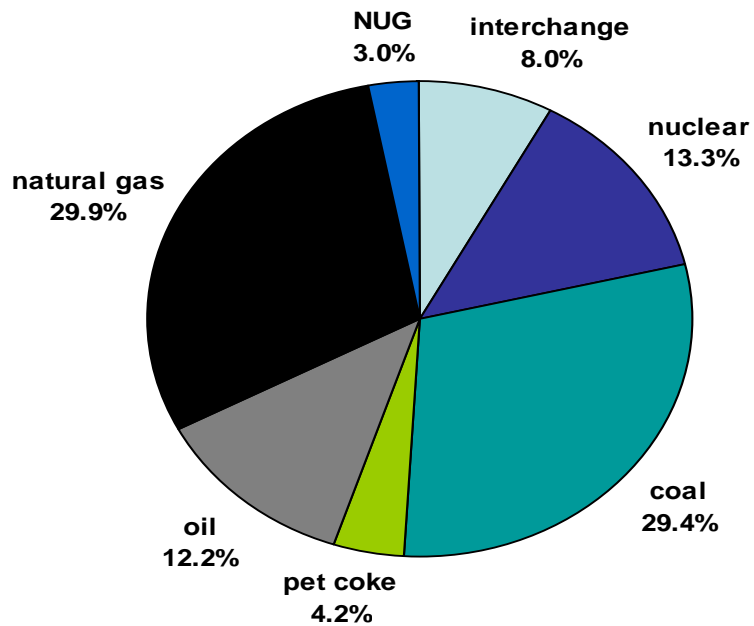
Average Price Increases Year to Date (cents per gallon) – January 1 to July 9



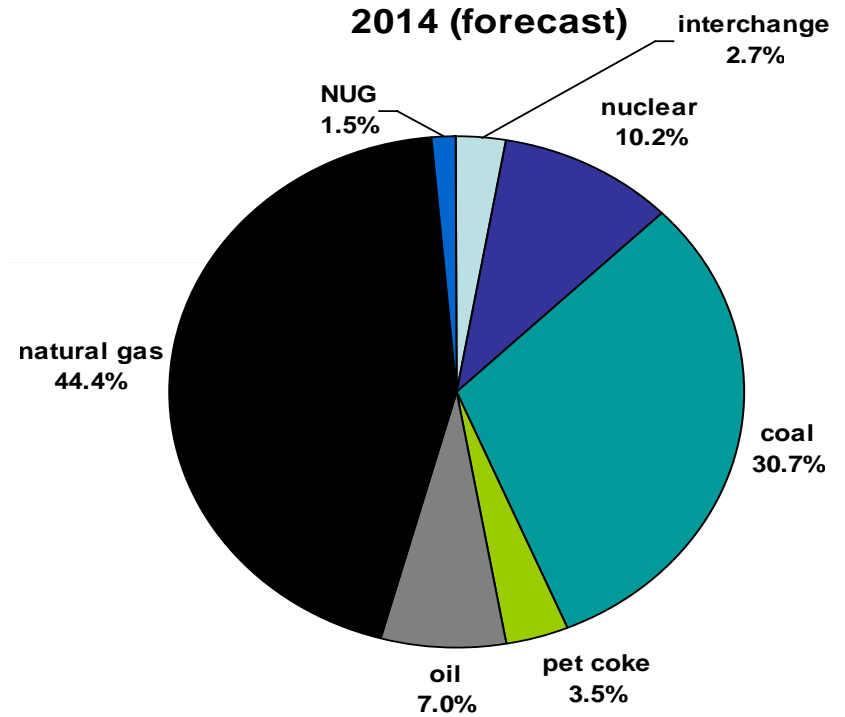
Source: NYMEX (WTI crude oil) and AAA (gasoline and diesel)

Florida's Electric Industry Fuel Use Growth in Natural Gas

2004 (actual)



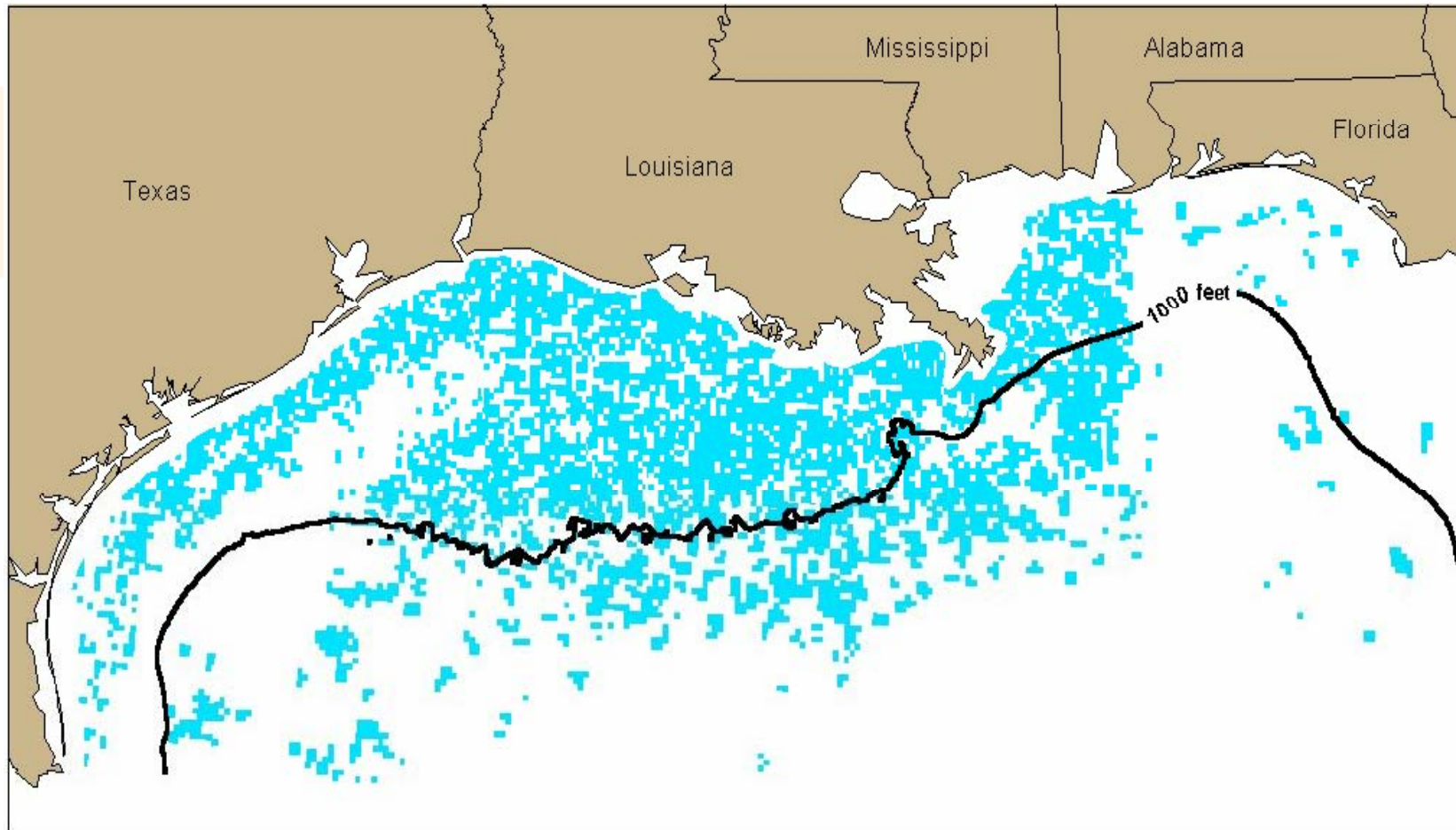
2014 (forecast)



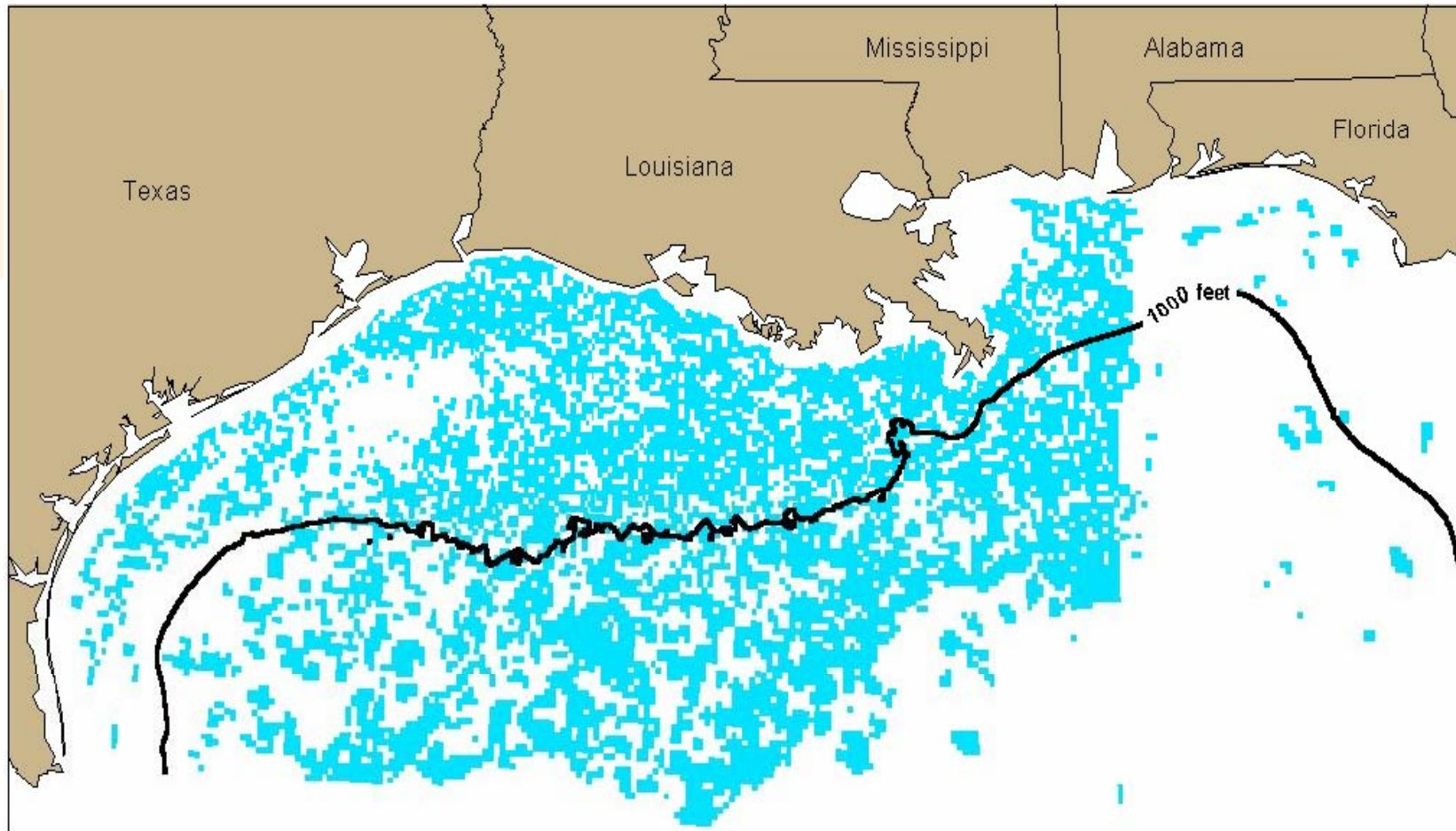
Source: FRCC "2005 Load & Resource Plan" p. s-19

NUG: purchases from non-utility generators

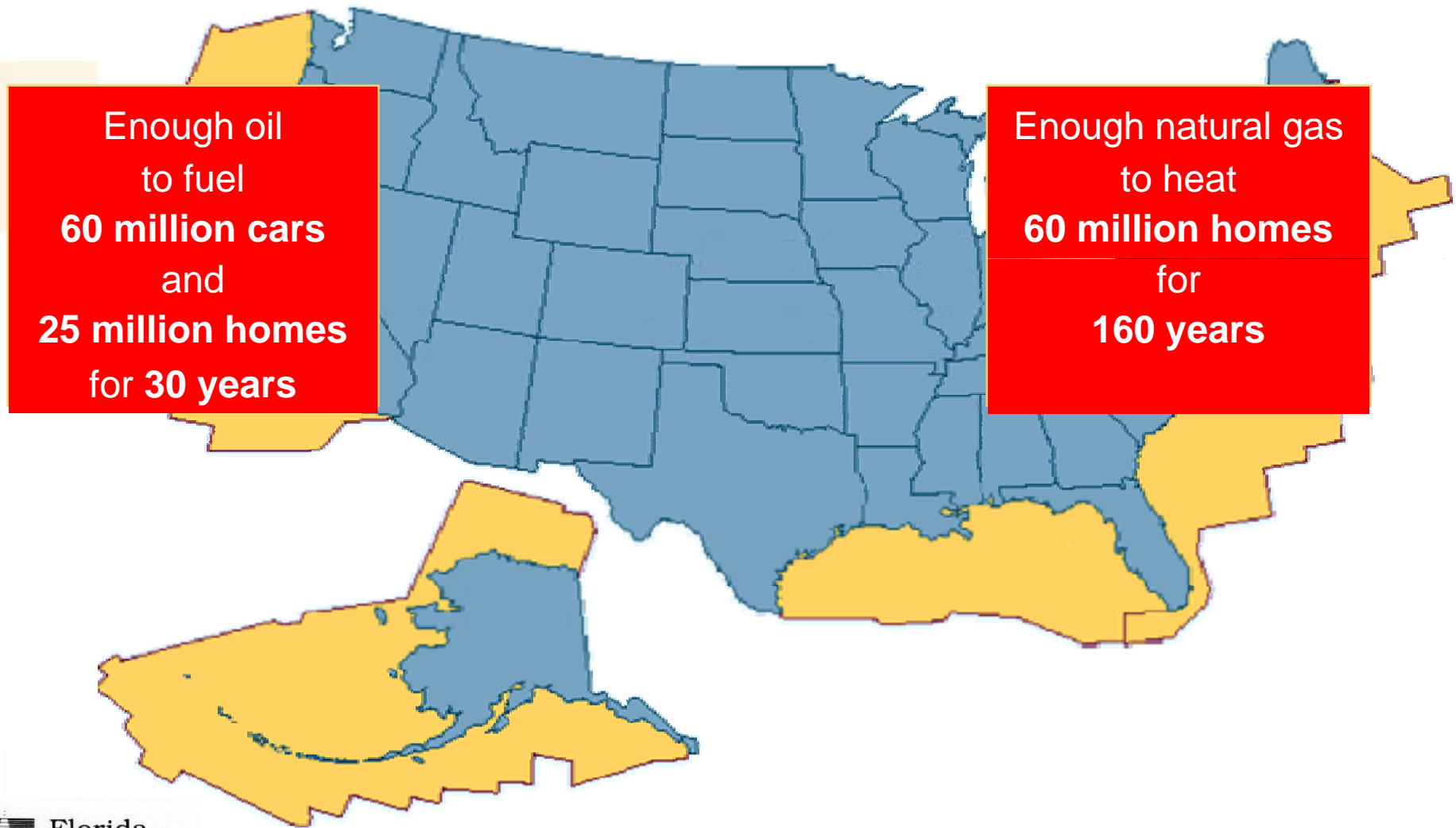
GOM Active Leases - 1995



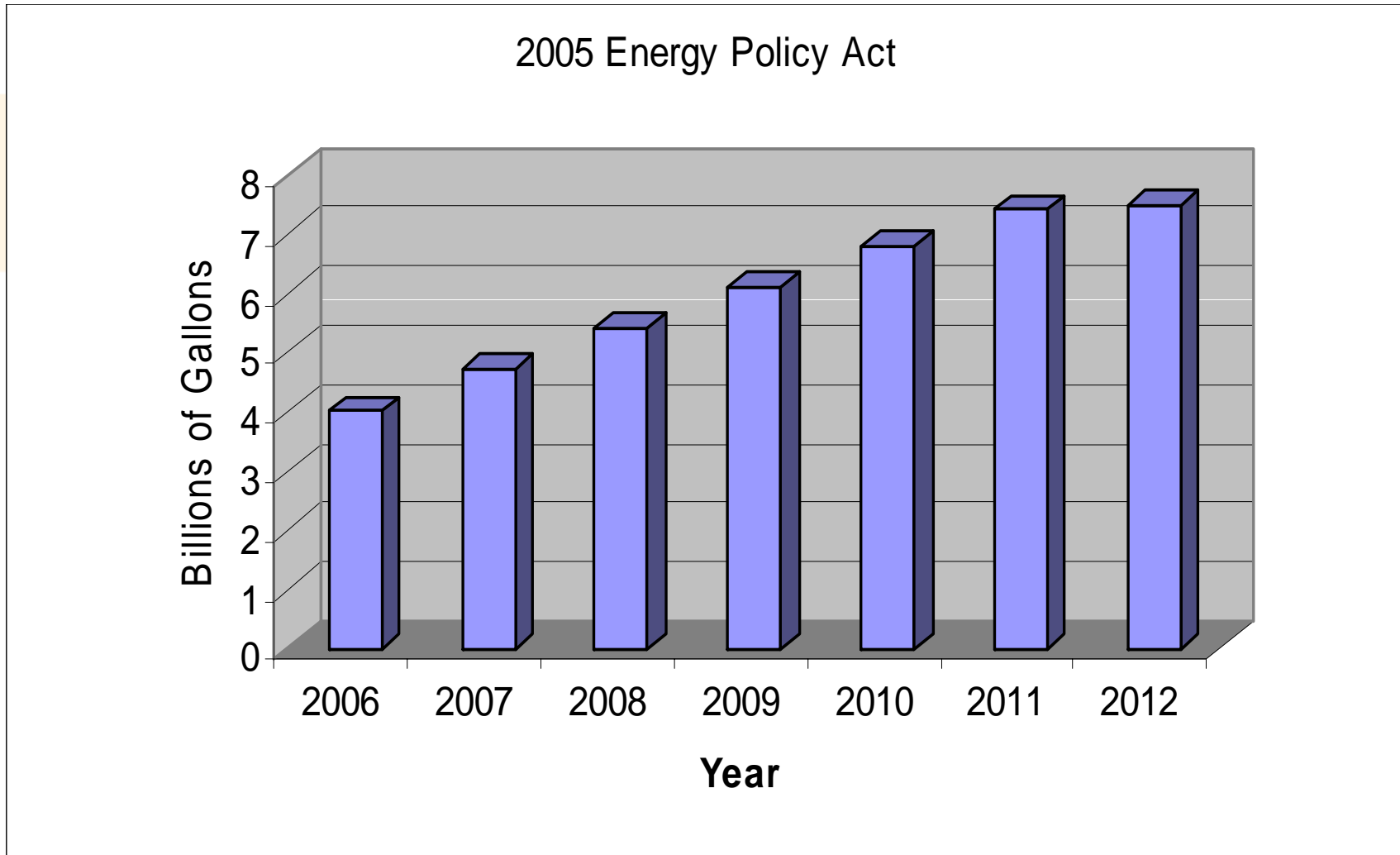
GOM Active Leases - 2001



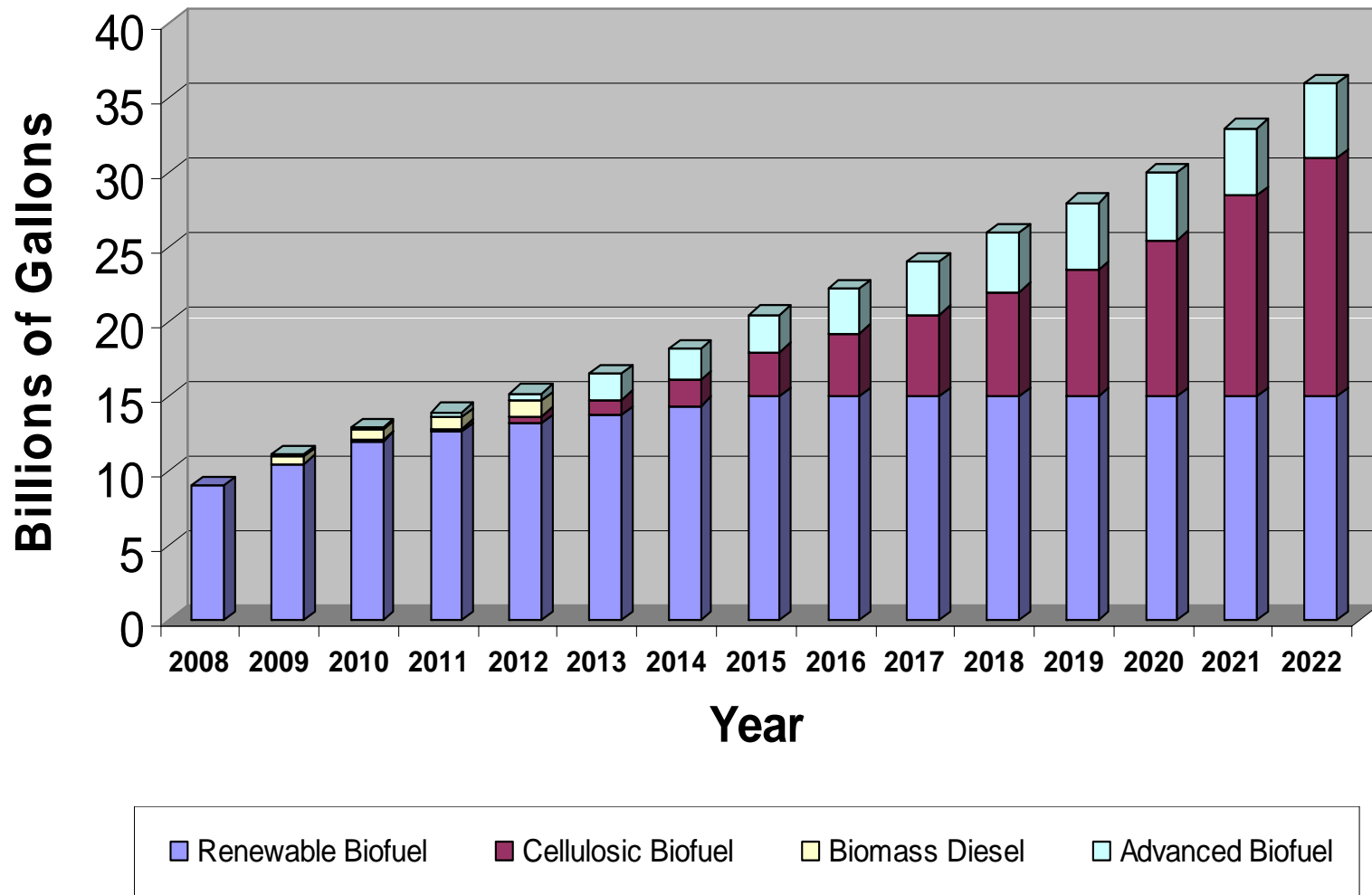
Domestic Resources Off-limits due to Federal Controls



Federal Alternative Fuel Initiatives

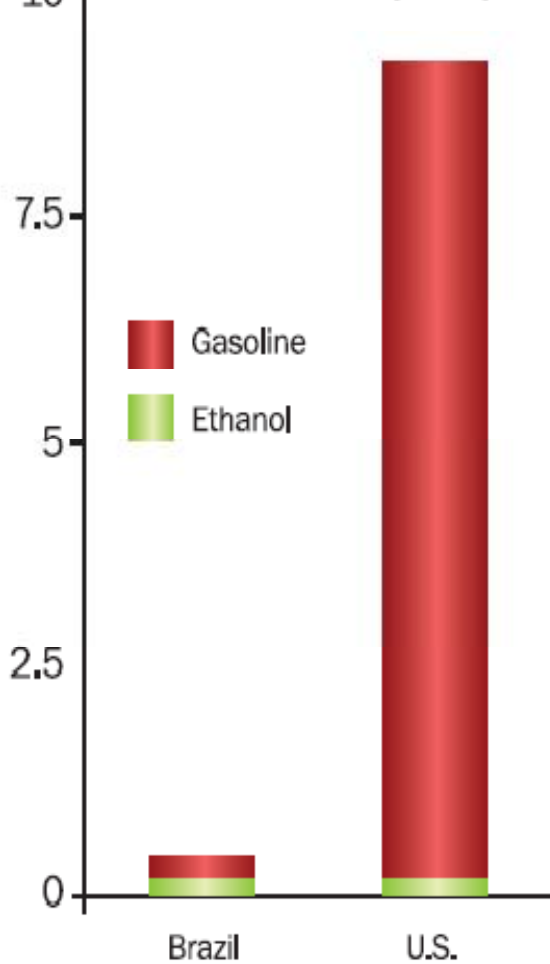


2007 U.S. Energy Independence and Security Act



Ethanol in Brazil

Fuel Demand (MBD)



Brazilian Ethanol (Sugar Cane Derived)

- ❖ Ethanol meets 45% of Brazil's Gasoline Demand
- ❖ Lowest Ethanol production costs in the world
- ❖ Climate, Geography and Labor costs conducive to sugar production
- ❖ Brazilian model not applicable to U.S. in terms of scale/cost
- ❖ U.S. tariff to imported ethanol is \$0.54/gallon

Policy Choices Needed to Ensure Future Energy Security

- ❖ Encourage Energy Efficiency.
- ❖ Encourage investment in long-term energy initiatives and advanced technologies.
- ❖ Reduce barriers to increasing domestic supplies.
- ❖ Rely on market forces to allocate products.
- ❖ Refrain from new taxes that make it more expensive to develop our domestic supplies.
- ❖ Support the need to participate actively in global energy markets rather than isolate the U.S.

Questions?

