

Phasing Out Oil and Gas Production

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Agenda

- Stop Oil and Gas
- UNEP Emissions Gap Report
- UNEP Production Gap Report
- Phasing out Oil and Gas Production

Stop Oil and Gas

- A California 501(c)(4) organization that lobbies for the adoption of legislation to phase out oil and gas production by 2050
- <https://StopOilAndGas.org>
- Founded in 2019

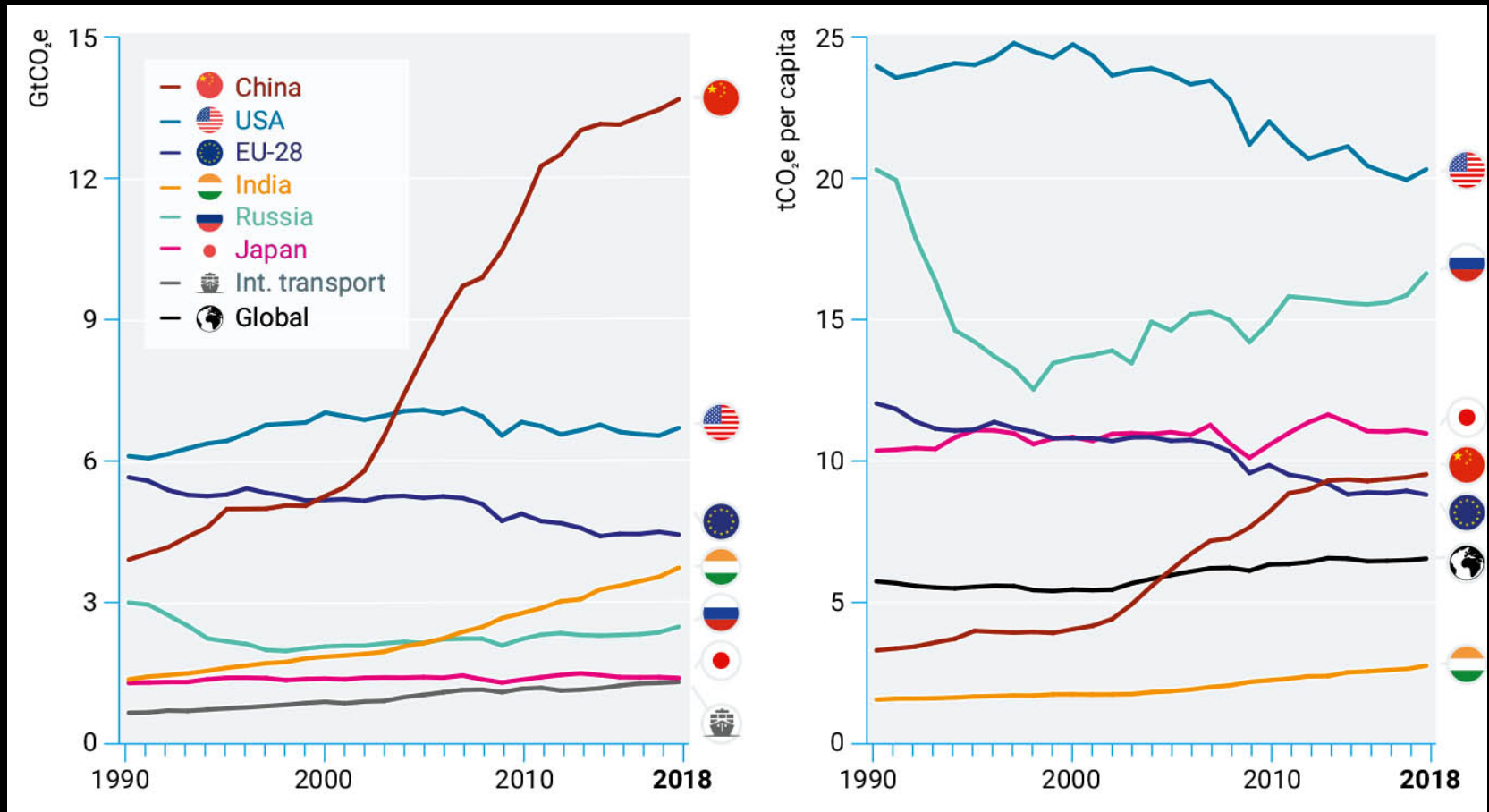


Emissions Gap Report

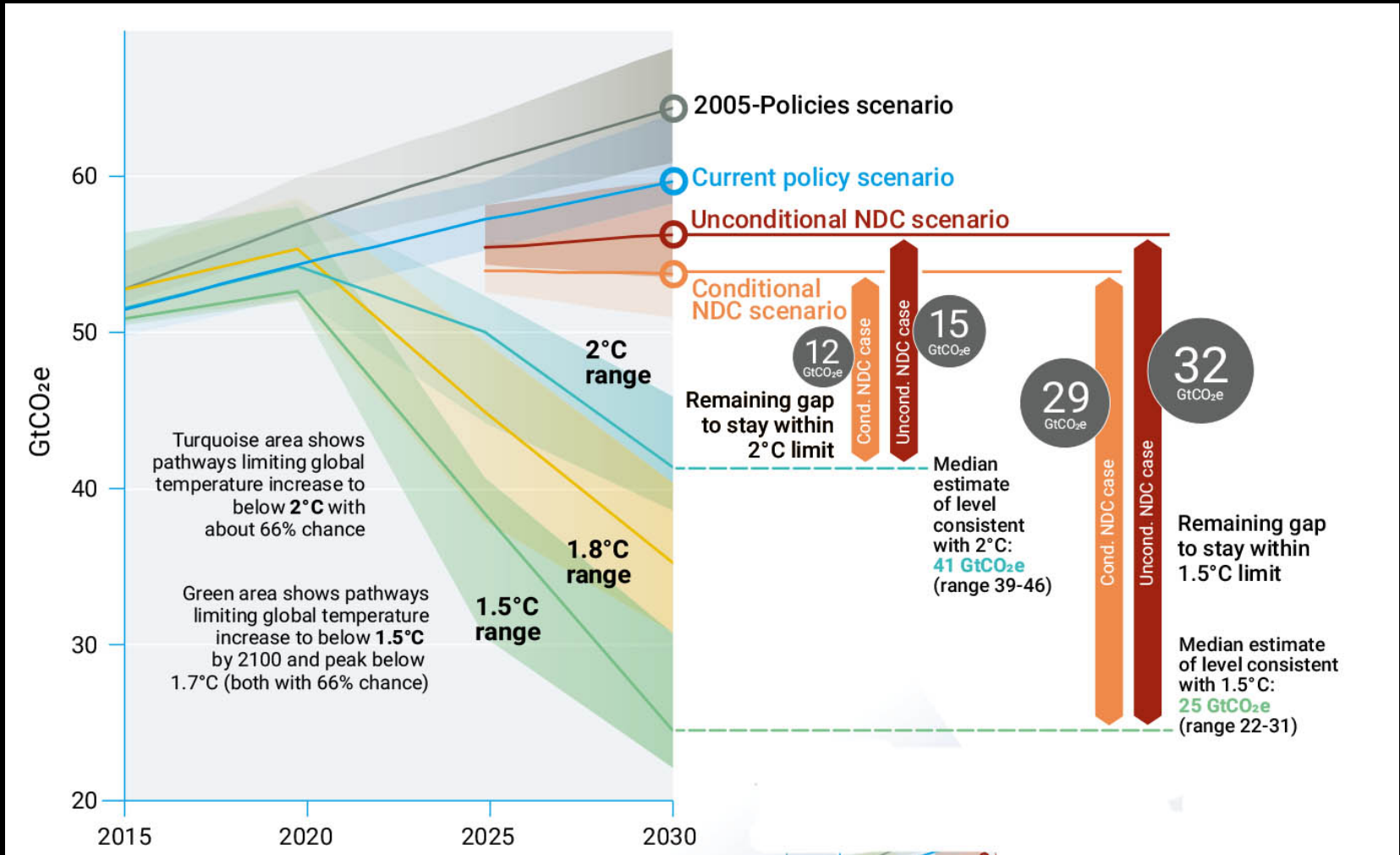
- Report by Stockholm Environmental Institute (SEI) and United Nations Environmental Program (UNEP) – November, 2019
 - <https://www.unenvironment.org/resources/emissions-gap-report-2019>
 - Documents differences between current emissions and emissions levels needed to comply with commitments under Paris Agreement
 - Differences are substantial

Greenhouse Gas Emissions

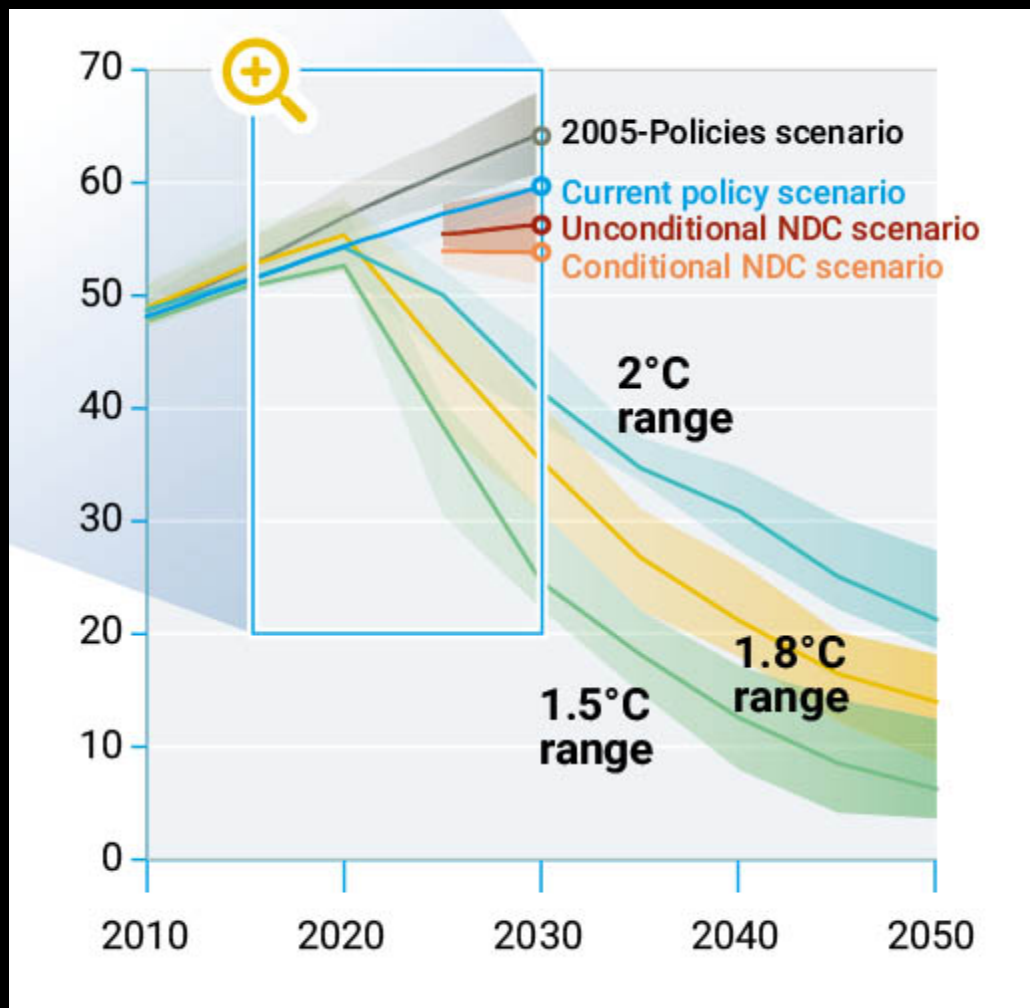
(Excluding land-use change emissions)



GHG Scenarios



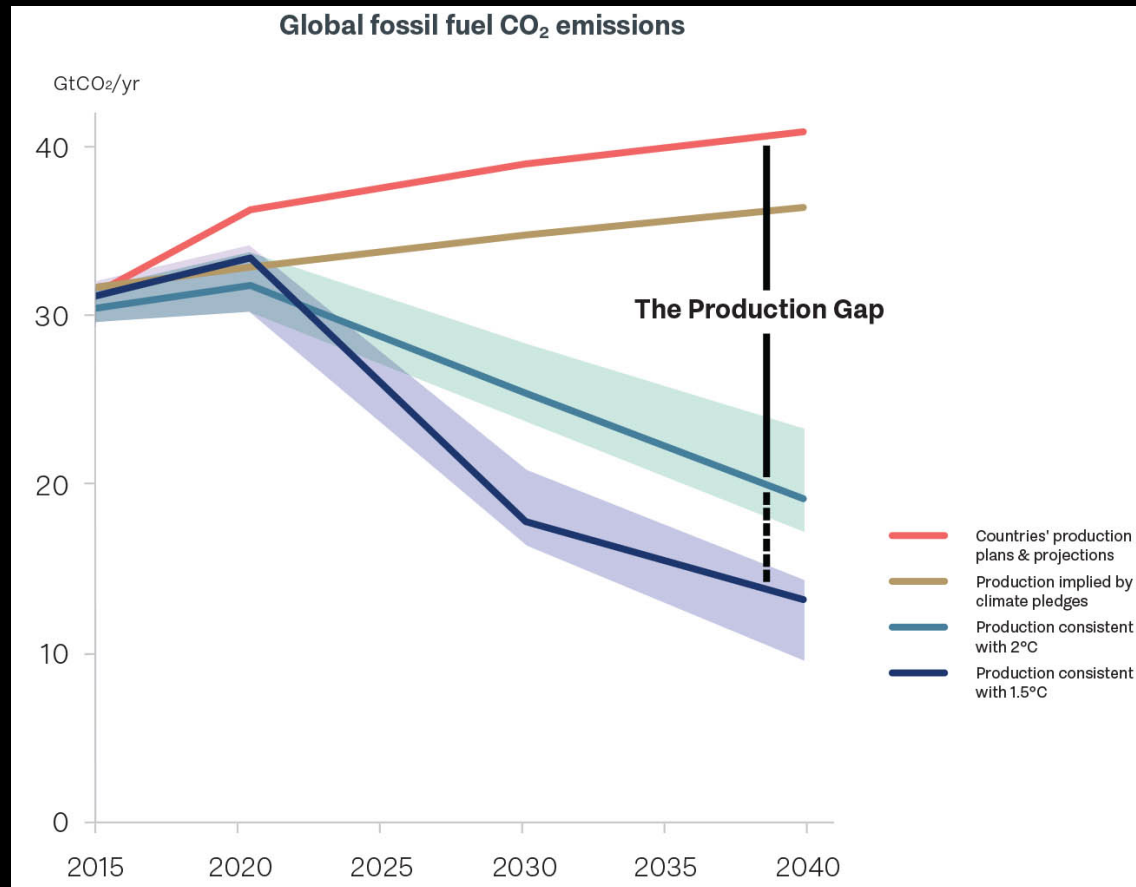
Pathways to Near-Zero Emissions in 2050



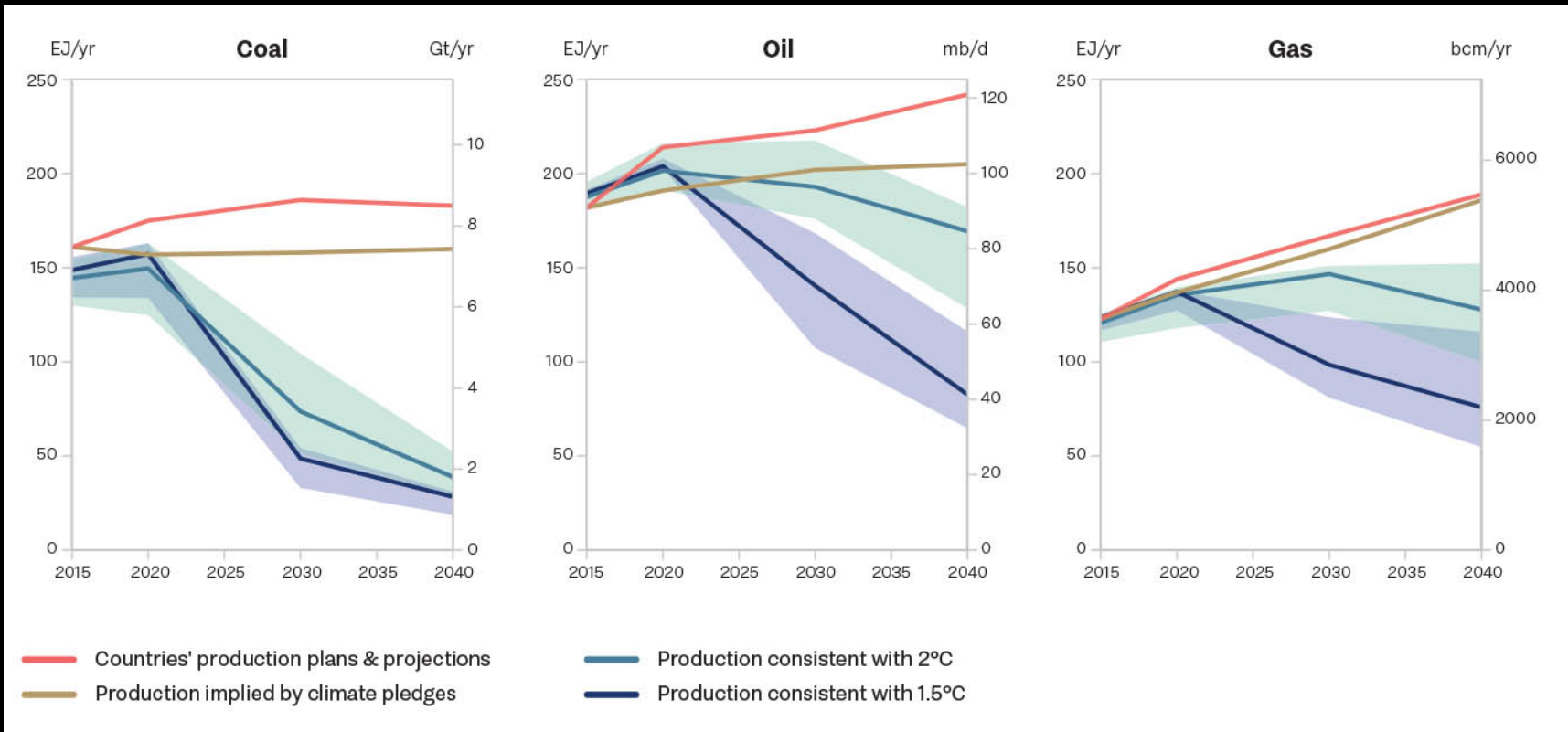
Production Gap Report

- Online at <http://productiongap.org>
- Report by Stockholm Environmental Institute (SEI) and United Nations Environmental Program (UNEP) – November, 2019
- Documents the discrepancy between planned fossil-fuel production and the production levels consistent with limiting global warming to 1.5° or 2° C
- Looks at fossil fuel-related GHG emissions from the production side instead of the consumption side.

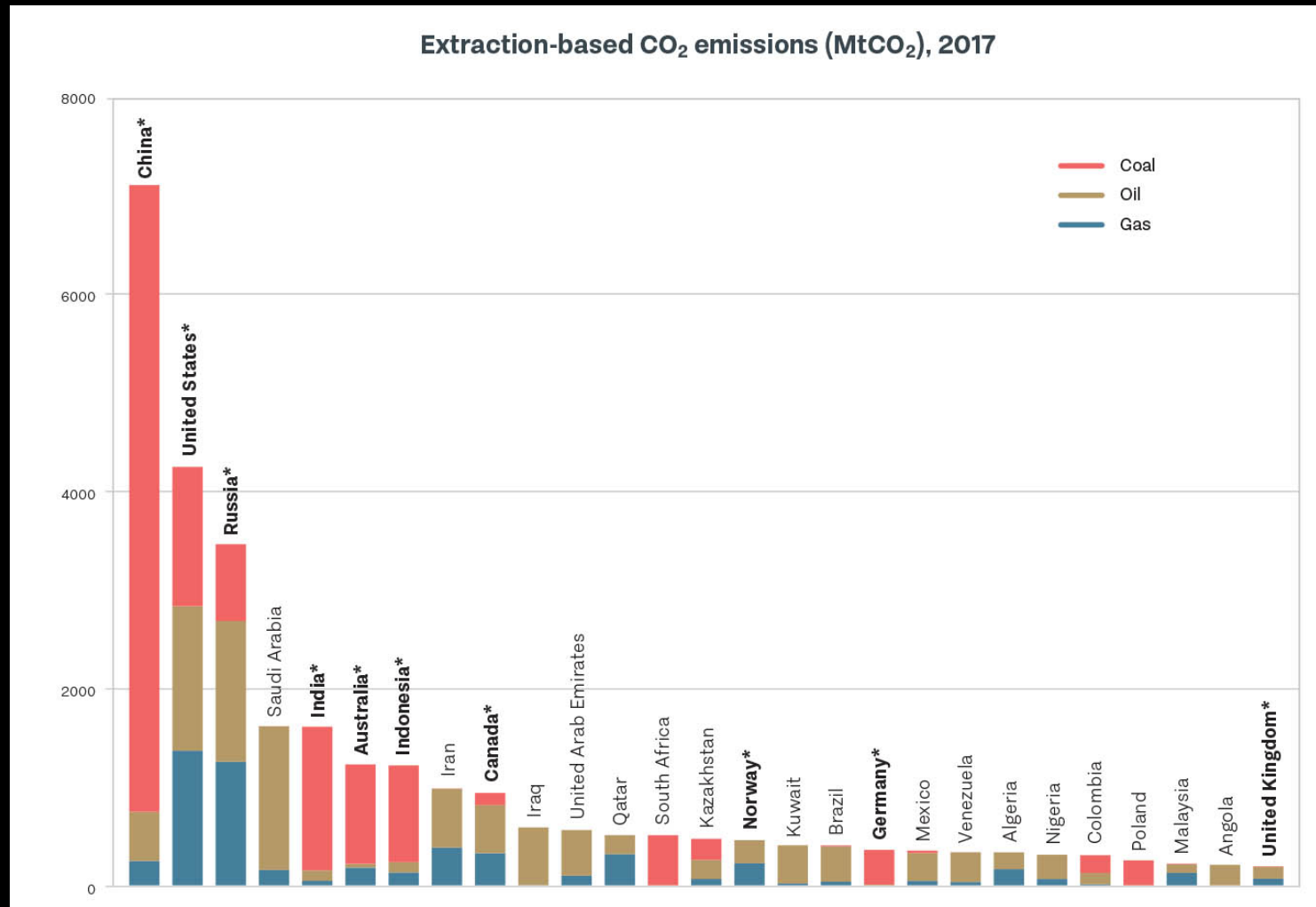
The Production Gap



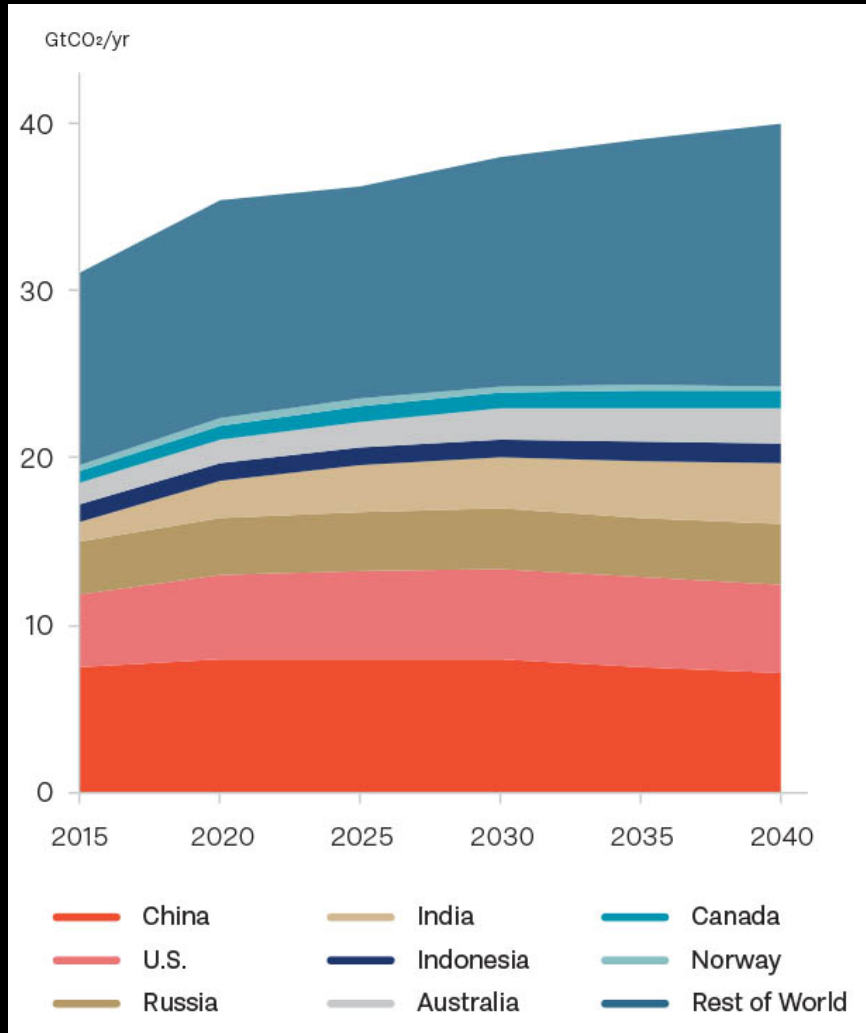
Global Production Gap for Coal, Oil and Natural Gas



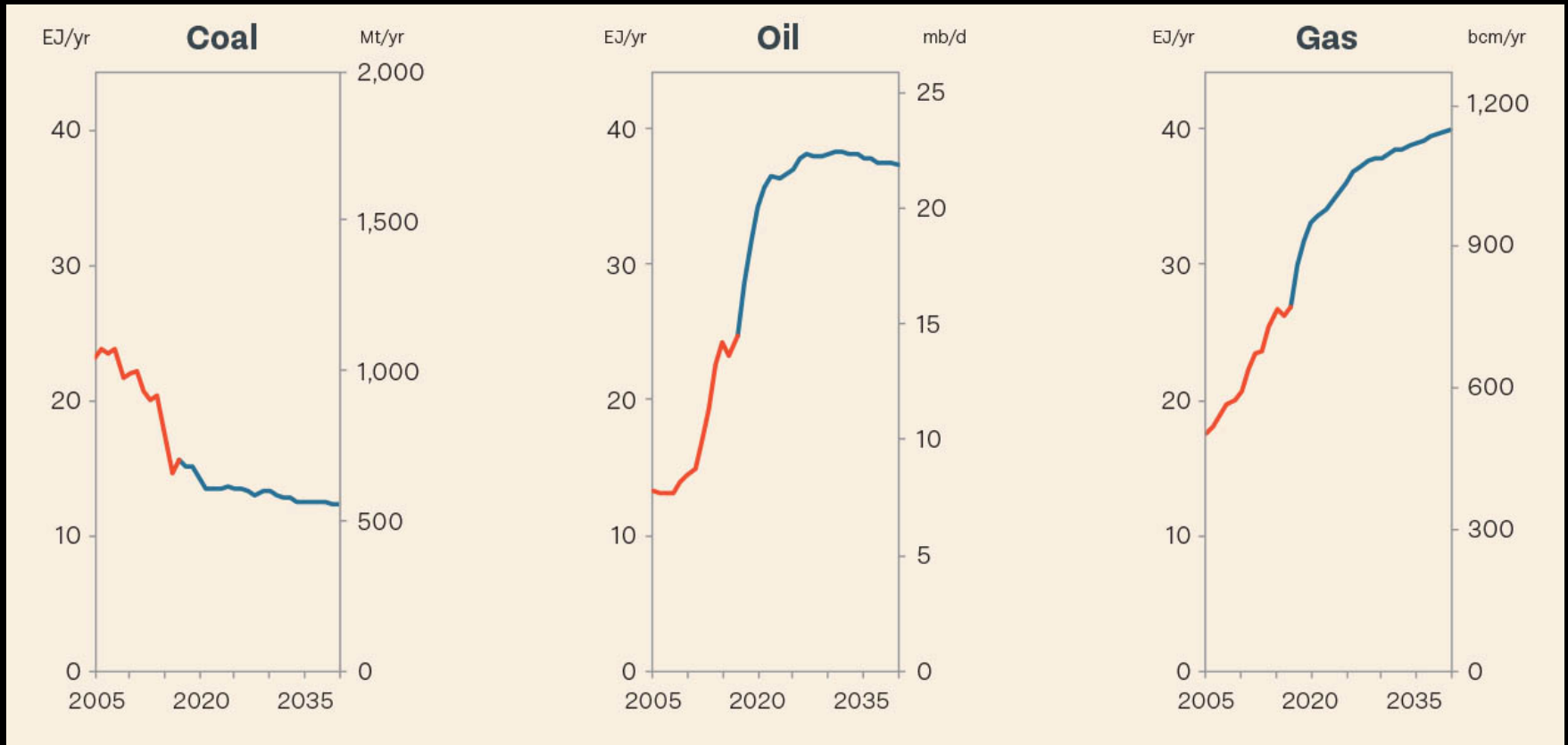
Extraction-based CO₂ Emissions



National Plans for Fossil-Fuel Production



U.S. Government Outlook for Fossil-Fuel Production



Phasing Out Oil and Gas Production

Steps Already Taken

BELIZE

- 🔥 Moratorium on offshore oil exploration and drilling

CANADA

- 🔥 Phase-out of the accelerated capital cost allowance for oil sands projects and the Atlantic Investment Tax Credits for use in oil and gas activities (subsidy reform)
- 🔥 Moratorium on offshore oil and gas activities in Canada's Arctic waters and in designated marine protected areas

CHINA

- 🔥 Supply-side structural reform (closure of coal mines) and just transition support measures

COSTA RICA

- 🔥 National moratorium on oil exploration and exploitation

DENMARK

- 🔥 Ban on exploration and drilling for oil, gas, and shale gas on land and in inland waters

FRANCE

- 🔥 No new or renewal of exploration permits for conventional and unconventional fossil fuels; Phase-out of all oil and gas production within the country and its overseas territories by 2040

GERMANY

- 🔥 Phase out of subsidies for domestic hard coal industry by 2018
- 🔥 Just transition plan for the coal industry: compensation for coal mining provinces; compensation and training for coal miners

INDIA

- 🔥 Cess (tax) on coal production

ITALY

- 🔥 18-month moratorium on offshore oil and gas exploration permits

NEW ZEALAND

- 🔥 Ban on new offshore oil and gas exploration permits
- 🔥 Establishment of a "Just Transitions Unit" with a focus on supporting the region most dependent on the oil and gas industry

NORWAY

- 🔥 Certain offshore areas closed for drilling (including Lofoten archipelago and other coastal and sensitive areas and in the Arctic)

SPAIN

- 🔥 Closure of domestic coal mines with Just Transition plan (compensation and re-training)

UNITED STATES

- 🔥 Moratorium on oil and gas exploration in some areas of the Arctic and Atlantic

Consequences of Failure to Plan to Ramp Down Production

- By planning to produce more oil and gas than is consistent with 2° of warming, governments signal they have no intention of taking serious steps to deal with climate change.
 - They signal the opposite by continuing subsidies supporting oil and gas production.
 - Adding fossil-fuel infrastructure such as natural-gas pipelines will increase stranded-asset costs when that infrastructure must be abandoned before the end of its useful life.
- Citizens are not being prepared for the changes that must occur:
 - Replacement of gasoline vehicles with electric or hydrogen vehicles
 - Replacement of oil and gas heating and appliances with electric appliances
 - Replacement of coal and gas-powered electric plants with renewable energy sources

Why We Need to Stop Burning Fossil Fuels

- CO₂ remains in the atmosphere for hundreds to thousands of years.
 - Increased CO₂ concentrations in the atmosphere cause increased greenhouse effects, increasing global temperatures.
 - Temperatures will continue to increase as long as we continue emitting GHGs, so we need to stop.
 - Burning fossil fuels is the leading cause of GHG emissions, so we need to stop.
- So far, there is little evidence that CO₂ removal technologies could operate feasibly at a scale that would compensate for more than a small portion of GHG emissions.
 - The precautionary principle mandates that we assume removal technologies won't be available, until we prove they will be.

Phasing Out Production World-Wide

- Aspirational Goal: Phase out all oil and gas production world-wide by 2050.
 - We don't really expect to reach zero; fossil fuels will be needed for some applications where they're difficult and expensive to replace.
 - But we need an intensive research program to find substitutes for fossil fuels.
- U.S. Congress could phase out oil and gas production in the U.S. under the commerce clause, but the oil and gas lobby is too strong for such a measure to pass.

Phasing Out Production in California

- California is the seventh-largest oil-producing state in the U.S., producing 442 barrels per day.
 - The largest fields are in Kern County, just north of Los Angeles County.
 - The oil and gas industry employed 368,100 workers in 2015, and contributed \$66 billion to the state's GDP.
- The California Legislature could phase out oil and gas production in California, but the oil and gas lobby is too strong for such a measure to pass.
- The Governor does not have the power to phase out production through regulation or executive order.

California Initiative

- In California, the voters may pass a statute by initiative.
- Stop Oil and Gas plans to introduce a ballot initiative to phase out oil and gas production, to be presented to voters in the 2022 election.
 - It will require a linear ramp-down of production by each oil producer. Producers will be responsible for properly abandoning each well as it ceases operation.
 - It will require a just transition for oil workers and cities dependent on oil revenues.

Why California?

- California is a leader in fighting climate change.
 - It passed AB32 in 2006, requiring the state to reduce GHG emissions to 1990 levels by 2020.
 - Executive Order B-55-18, signed by Governor Brown in 2018, requires the state to become carbon neutral by 2045.
 - If we're no longer burning fossil fuels, why should we continue to produce them?
- California is the largest U.S. oil-producing state where the voters might approve such an initiative.
 - Oil production is significant, but contributes only about 3% of the state's GDP.
- California is wealthy enough to afford it.

The Just Transition

- This is the most difficult part of the statute to draft.
 - The phase-out will eliminate hundreds of thousands of well-paying jobs.
 - We will try to piggyback on the state's workshops consulting with oil workers on how to protect those workers when strengthening regulatory measures protecting those working and living near active oil wells.
- We envision a large, state-administered fund, paid for by the oil and gas industry, to provide retraining and job-transition payments for oil workers, and to reimburse cities for lost oil and gas revenue

Other Places it Could be Done

- In 22 states ballot initiatives allow the public to enact statutes through an election.
- In some of these states (like California), local initiatives in cities and counties can enact local ordinances.
 - But it's not clear where local governments have the power to regulate oil and gas.
- Initiatives are allowed in some countries, e.g. Greece.
 - But the national governments of all countries could pass laws phasing out oil and gas production, if they had the political will.