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U.S. Can Eliminate Oil Use in a Few Decades

RMI's Winning the Oil Endgame Shows Businesses How to Mobilize and Profit

Snowmass, Colo., September 20, 2004—Rocky Mountain Institute (RMI) today released *Winning the Oil Endgame: Innovation for Profits, Jobs, and Security*, a Pentagon-cofunded blueprint for making the United States oil-free. The plan outlines how American industry can restore competitiveness and boost profits by mobilizing modern technologies and smart business strategies to displace oil more cheaply than buying it.

Winning the Oil Endgame proves that at an average cost of \$12 per barrel (in 2000 dollars), the United States can save half its oil usage through efficiency, then substitute competitive biofuels and saved natural gas for the rest—all this without taxation or new federal regulation.

“Unlike previous proposals to force oil savings through government policy, our proposed transition beyond oil is led by business for profit,” said RMI CEO Amory Lovins. “Our recommendations are market-based, innovation-driven without mandates, and designed to support, not distort, business logic. They’re self-financing and would cause the federal deficit to go down, not up.”

Winning the Oil Endgame shows that by 2015, the United States can save more oil than it gets from the Persian Gulf; by 2025, use less oil than in 1970; by 2040, import no oil; and by 2050, use no oil at all.

“Because saving and substituting oil costs less than buying it, our study finds a net savings of \$70 billion a year,” Lovins said. “That acts like a giant tax cut for the nation. It simply makes sense and makes money for all.”

The RMI study focuses on cars and light trucks (SUVs, pickups, and vans). These vehicles account for nearly half of projected 2025 oil use. The report demonstrates that ultralight, ultrastrong materials like carbon-fiber can halve vehicles’ weight, increase safety, and boost efficiency to about 85 mpg for a midsize car or 66 mpg for a midsize SUV.

“BMW has confirmed that carbon-fiber autobodies weigh only half as much as steel and have exceptional crash performance,” said Lovins. “The resulting fuel savings can be like buying gasoline for 56 cents a gallon.”

Winning the Oil Endgame also predicts that to fight better and save money, the Pentagon—the world’s largest oil buyer—will accelerate the market emergence of superefficient land, sea, and air platforms. A more efficient and effective military can protect American citizens instead of foreign oil, while moving to eliminate oil as a source of conflict.

“A fuel-efficient military could save tens of billions of dollars a year,” said Lovins, who served on a Pentagon task force studying this issue. “As our nation stops needing oil, think of the possibilities of being able to treat oil-rich countries the same as nations that don’t own a drop. Imagine too our moral clarity if other countries no longer assume everything the United States does is about oil.”

The RMI report says that by 2015, more efficient vehicles, buildings, and factories will turn oil companies into broad-based energy companies that embrace biofuels as a new product line. *Winning the Oil Endgame* demonstrates how cellulosic biofuels (wood-based rather than from starchy or sugary plants like corn) can replace one-fifth of current oil use, more than triple farm income, and create 750,000 agriculture jobs.

“Europe produces 17 times more biodiesel than we do,” Lovins said. “The EU has shifted farmers from subsidies to durable revenues, and now oil companies compete to sell their petroleum-free fuel.”

Winning the Oil Endgame demonstrates half of U.S. natural gas can be saved at less than a fifth of its current price. Two-thirds of that figure comes from saving electricity, especially at peak times when it’s inefficiently produced from natural gas. This step alone could return natural gas to abundance within a few years, cutting gas and power bills by \$55 billion per year.

Recommended policy innovations include:

- Revenue-neutral feebates—rebates for buyers of efficient cars, paid for by fees on inefficient ones;
- Low-income access to affordable mobility—a new nationwide initiative to buy efficient cars in bulk and lease or sell them to low-income drivers at terms they can afford;
- R&D investment incentives and temporary loan guarantees to help financially weakened U.S. automakers retrain and retool faster; and
- Temporary federal loans guarantees to U.S. airlines for buying very efficient new airplanes, provided that for every plane thus financed, an inefficient one is scrapped.

“For the first time, our report adds up the new ways to provide all the services now obtained from oil, but without using oil—which will save us \$70 billion a year,” concluded Lovins. “Forging the tools to get our nation off oil forever is the key to revitalizing industry and farming.”

About RMI and *Winning the Oil Endgame*

Rocky Mountain Institute, located in Old Snowmass, Colorado, is an independent, entrepreneurial, nonprofit organization engaged in research and consulting. RMI fosters the efficient and restorative use of resources to make the world secure, just, prosperous, and life-sustaining. For more information, please visit www.rmi.org.

This peer-reviewed RMI study is based on its five coauthors' 70 years of combined energy experience, mainly in the private sector, and on extensive industry input. The Pentagon and diverse foundations and private donors funded the research. RMI's thoroughly documented 329-page report is introduced in forewords by former Secretary of State, Treasury, and Labor George P. Shultz (an ex-Marine who also chaired the Bechtel Corporation) and by oil geologist and former Shell Chairman Sir Mark Moody-Stuart. The report, its executive summary, and its technical backup can be downloaded free from www.oilendgame.com.

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