DECLINE IN U.S. CARBON EMISSIONS PRESENTS INVESTMENT OPPORTUNITY

The U.S. Energy Information Administration (EIA) collects, analyzes, and disseminates independent and impartial energy information. In their recent U.S. Energy-Related Carbon Dioxide Emissions Report, the EIA shows total energy-related CO2 emissions decreased in 2019 by 150 million metric tons less than reported levels in 2018.

How does the EIA calculate this?

Energy-related CO2 emissions are calculated by multiplying energy consumption, measured in BTUs or British Thermal Units, by the appropriate carbon factor. A carbon factor is a coefficient which allows for a measurement of the carbon emissions an energy related activity generates. For example, coal generally emits 210 pounds of carbon per million BTUs while natural gas generally emits 117 pounds of carbon per million BTUs.

The electric power sector accounted for nearly one-third of U.S. energy-related CO2 emissions in 2019; only the transportation sector emitted more CO2. Within the electric power sector, emissions from coal fell by 177 million metric tons or 15% in 2019.

U.S. electric power sector emissions have fallen 33% from their peak in 2007, and total U.S energy-related CO2 emissions have fallen 15%. The EIA states this decrease is driven by the changing mix of materials used to generate electricity. In 2019 more natural gas was used in power generation than coal, and use of non-carbon sources are on the rise as well.

How does this break down?

U.S. carbon emissions associated with energy consumption in the residential and commercial sectors stayed nearly the same in 2019. CO2 emissions from the industrial sector rose by 11 million metric tons or 1.1%, due to an increase in industrial output. The transportation sector saw a decrease in emissions by 0.2% or 4 million metric tons. This breaks a six-year trend of steadily increasing emissions in the sector since 2012.

Other sources of electricity generation reached record highs in 2019. Nuclear and renewable sources reached a 38% share of U.S. electric generation in 2019. Much of

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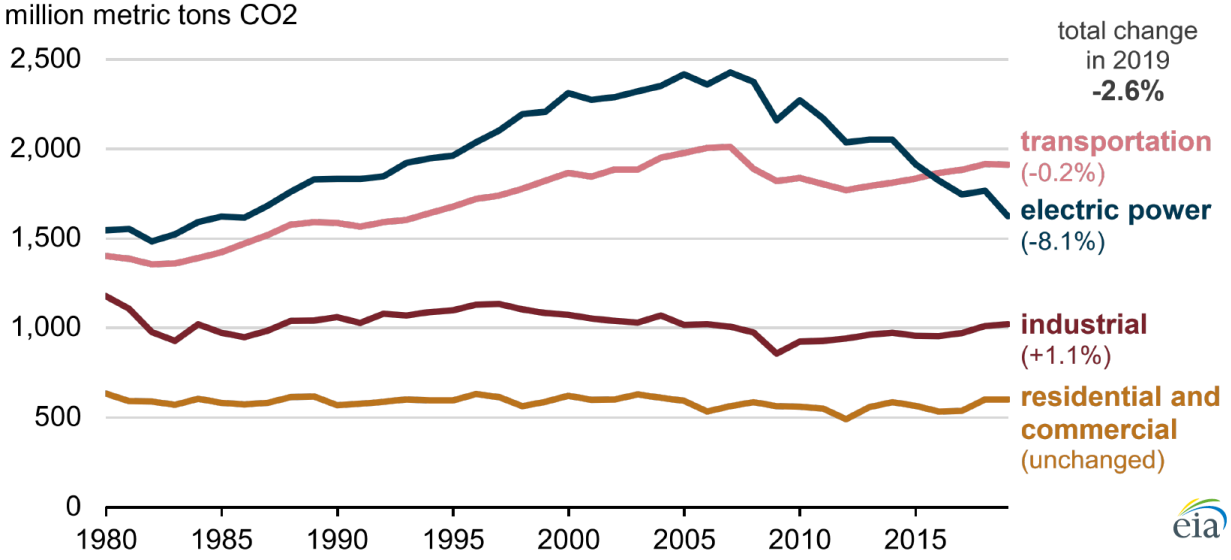
U.S. energy-related carbon dioxide (CO2) emissions by sector (1980–2019)
million metric tons CO2



Source: U.S. Energy Information Administration, Monthly Energy Review

this growth came from continued growth in solar and wind capacity. These changes in the composition of electricity generation, as well as improvements in energy efficiency have led to an overall decrease in total carbon intensity for electricity, which has fallen from 619 metric tons per kilowatt hour in 2005 to 408 metric tons per kilowatt hour in 2019. The EIA attributes nearly all (96%) of the CO2 emission declines to the changing of fuels along with the development of renewable technologies used to generate electricity.

In our view natural gas and renewable sources of electricity generation will play a larger role in decreasing carbon emissions while providing consumers with a consistent and dependable source of electricity for both industrial and residential use. For the foreseeable future, transportation will still rely on petroleum based fuels but technological advances will continue to provide cleaner fuels that will lower carbon emissions which should lead to a continuing decline in total CO2 emissions.

If you would like to learn more, we invite you to talk with someone who works for a company that knows and understands the global energy business.

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