



# What Does Energy Security Mean for the United States?

## And What Are the Consequences for the World?

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A Summary of the New York Energy Forum Panel Discussion — May 12, 2026.

Panelists: Ed Morse (Hartree Partners) • Jason Bordoff (Columbia University SIPA) • Lars Eirik Nicolaisen (Rystad Energy)

Moderated by Antoine Halff, President, New York Energy Forum Advisory Board

### A Crisis That Rewrites the Rules

For decades, the conventional wisdom held that American energy security meant one thing above all else: reducing dependence on foreign oil. The shale revolution seemed to deliver just that. The United States became the world's largest oil and gas producer, pumping shy of 14 million barrels per day of oil and exporting energy on a scale few had imagined possible. (Total US liquid fuels production is now close to 21 million barrels per day including biofuels and natural gas liquids, and over 22 million barrels per day including refinery processing gains.) Washington's foreign policy, long constrained by the need to keep the Persian Gulf stable, appeared suddenly more free. America, the story went, had finally achieved energy independence.

Then the Strait of Hormuz closed.

The closure — triggered by a sequence of escalating geopolitical provocations — removed approximately 10 million barrels per day of combined crude oil and petroleum products from global markets. Over 70 days, that has amounted to roughly 700 million barrels of lost supply: the most severe energy disruption in recorded history. Even the largest-ever coordinated release of strategic petroleum reserves by the International Energy Agency has proven insufficient to offset the scale of the shock. Gasoline prices in the United States have surged from below \$3

per gallon to over \$4.50 nationally, with diesel on the West Coast exceeding \$7 in some locations. Inflation has climbed to 3.8%. The pain has moved from Asia — where fuel rationing, shortened work weeks, and airline cancellations arrived first — toward Europe and the United States.

The crisis has not just rattled markets. It has exposed something deeper: a profound gap between energy independence as a production concept and energy security as a lived reality. On May 12, the New York Energy Forum convened three of the world's leading energy analysts to work through what that gap means — for the United States, for its allies, and for the architecture of global energy governance.

## **The United States Is Not One Energy Market**

One of the most important insights from the discussion was also one of the least understood: the United States does not have a single, unified energy market. It has several, and they have very different vulnerabilities.

The Gulf Coast is a massive exporter — so large that it would rank among the world's top energy-exporting countries if it stood alone. Alaska and certain border regions with Canada also export meaningfully. Parts of the inland Northwest are essentially self-sufficient. But the East and West Coasts are large importing regions, poorly connected to domestic supply infrastructure, and deeply exposed to international price swings.

The West Coast's vulnerabilities are particularly acute. Decades of refinery closures have left the region short of processing capacity. Much of the jet fuel consumed in California and the Pacific Northwest arrives from refineries in Korea, Singapore, India, and even China — because shipping it from Asia-Pacific is cheaper than moving it overland from the Gulf Coast. At the same time, many American refineries were built to process heavy, sour crude grades from the Middle East and Latin America. Domestic shale production, which runs lighter and sweeter, cannot simply substitute for those imports. The United States is a net exporter of crude oil in aggregate, but it still requires significant crude imports for specific refinery configurations — a structural dependency that persists regardless of headline production figures.

These regional fault lines matter enormously when a global supply shock hits. The Hormuz crisis has not landed evenly on American consumers — it has landed hardest on the coasts, precisely where domestic connectivity is weakest.

## The Paradox of Shale Power

The shale revolution genuinely transformed American geopolitics. When US production was growing by 1 to 1.5 million barrels per day annually, Washington had real supply cushion to offer allies and real leverage over adversaries. Sanctions on Iran that removed 2.5 million barrels per day from global markets were only possible because US production could partially offset the loss.

But shale production has now plateaued. At close to 14 million barrels per day, the United States is near its sustainable ceiling without significant new investment. That cushion has thinned. More importantly, the very confidence born of shale abundance has encouraged a more aggressive foreign policy posture — one that has played a direct role in creating the current crisis. The panelists described a pattern of escalating energy weaponization: US military involvement in Venezuela's oil sector, blockades on Cuban oil flows, sanctions on Iran, provocations that contributed to the Strait's closure. The rules-based international order that governed energy statecraft since the Cold War — anchored in a norm against using economic instruments as tools of geopolitical coercion — has been set aside. Unlike past crises, there are no clearly defined conditions under which the current pressure campaign ends.

The result is a troubling paradox. America's energy abundance has reduced its macroeconomic exposure to high prices — higher consumer spending on energy flows

domestically rather than to foreign producers — while simultaneously enabling a foreign policy that has made global energy markets more volatile. The country that did the most to create today's disruption may be the most insulated from its worst effects. The rest of the world is considerably less fortunate.

## The New Frontier: Electricity, AI, and Supply Chain Risk

Oil is no longer the only lens through which energy security needs to be understood. A century-long trend is now reversing: for most of modern economic history, the amount of oil consumed per unit of GDP steadily declined as economies became more efficient. Electricity tracked a similar pattern. That is no longer true. In the United States and other major economies, electricity demand now grows faster than GDP — driven overwhelmingly by the explosive expansion of data centers and artificial intelligence infrastructure.

The scale is striking. The United States hosts roughly 5,500 data centers — 45 percent of the global total, compared to about 450 in China. Investment in AI-related infrastructure reached nearly \$286 billion in 2025 and is expected to double by 2030. But here is the complication: approximately 70 percent of the components needed for AI data centers and associated electricity generation — including rare earth materials, semiconductors, and critical hardware — are imported. America’s ambition to dominate artificial intelligence rests on global supply chains it does not control.

This creates what one panelist described as an “Energy Trilemma” — three goals that the current US administration is pursuing simultaneously, but which cannot all be fully achieved at once: maximizing US energy exports, powering a domestic AI revolution that requires vast amounts of electricity, and keeping domestic energy prices affordable for American consumers. Managing these trade-offs, rather than pretending they do not exist, may be one of the defining policy challenges of the coming decade.

## What the Middle East Is Doing About It

Not everyone is waiting for the Strait to reopen. Major Gulf producers are accelerating investments designed to reduce their own vulnerability to the chokepoint that runs through their backyard.

Saudi Arabia is moving aggressively to develop domestic natural gas, with the goal of displacing up to 1 million barrels per day of crude oil currently burned for domestic power generation by 2030. The Jafurah field alone is projected to produce 630,000 to 660,000 barrels per day equivalent of condensate and natural gas liquids. When combined with the substitution of gas for oil in power generation, total new effective supply could reach 2 million barrels per day — meaningful by any measure.

Saudi Arabia and the UAE are also investing in pipeline infrastructure designed to bypass the Strait of Hormuz entirely. For the UAE, completion is estimated to take six

months to a year — a timeline made more plausible by regulatory processes considerably simpler than those in the United States. Iraq and Kuwait face steeper challenges: building bypass pipelines requires crossing other countries’ territory, a diplomatic and logistical problem that will take longer to resolve. The UAE’s recent decision to leave OPEC, partly catalyzed by the current crisis, also reflects a

strategic calculation: greater production flexibility without quota constraints may be more valuable than cartel membership when global supply is under pressure.

## Europe's Uncomfortable Position

Europe's relationship with American energy has historically been one of dependency and partnership in roughly equal measure. During World War II, the United States supplied six of every seven barrels of oil consumed by the Allied forces. Marshall Plan funds helped finance Europe's postwar energy recovery. American deepwater technology catalyzed North Sea development. US leadership created the IEA and the strategic petroleum reserve system after 1973. And after Russia cut off gas supplies in 2022, American LNG was central to keeping European industry running.

That partnership now looks more complicated. European policymakers have grown increasingly concerned that reduced American vulnerability to energy shocks — combined with the abandonment of the rules-based international order and the rollback of clean energy investment incentives — has left the United States less willing to exercise the kind of stabilizing restraint that the transatlantic relationship once depended upon. The cancellation of the Inflation Reduction Act's clean technology provisions has accelerated Chinese dominance in solar, batteries, and electric vehicles, leaving Europe to navigate an energy transition without the American industrial partnership it had counted on.

Europe's response is crystallizing around a new consensus: accelerate the energy transition, not primarily for climate reasons, but for energy security ones. The argument is straightforward — electrification reduces oil import dependency. But the panelists noted the contradictions. Electrification is capital-intensive, and the current crisis is straining public finances already stretched by defense spending increases. The benefits of an energy transition take years to materialize; the crisis demands responses now. And a rapid shift to electric vehicles and clean energy infrastructure, if it relies on Chinese-manufactured solar panels, batteries, and critical minerals, trades one dependency for another. European policymakers are beginning to acknowledge that pragmatism — including some revisions to the EU emissions trading system — will be necessary.

## The Institutions Are Behind the Curve

The IEA was designed in the 1970s for a specific problem: coordinating oil-consuming countries in the face of supply disruptions by OPEC producers. It has

done that job reasonably well for fifty years. But the current crisis has exposed the limits of an architecture built for a different era.

Strategic petroleum reserves — even in the largest coordinated release ever attempted — are simply not dimensioned for double-digit million barrel per day disruptions lasting months. The IEA's membership was designed around oil-importing countries; it does not adequately include major producers or the large emerging-market consumers whose behavior increasingly shapes global markets. Its focus on oil intensity, which has been declining for decades, has not kept pace with the new reality of electricity intensity that now exceeds GDP growth.

There are signs of adaptation. Visible cooperation between IEA Executive Director Fatih Birol, OPEC, and the International Energy Forum in Riyadh earlier this year suggests that producer-consumer dialogue is warming. Geospatial intelligence and satellite monitoring now provide real-time visibility into physical energy flows that simply did not exist in past crises — one reason, the panelists suggested, that prices have not spiked even higher despite the scale of supply loss. But institutional reforms are still needed: governance architectures that include major producers and consumers, rule-making to prevent unilateral actions that destabilize global markets, and a framework that addresses electricity security alongside oil security.

## What Comes Next

The panelists were candid about the uncertainties ahead. Nobody knows when the Strait of Hormuz will reopen, or under what conditions. Even after a resolution, rebalancing physical supply chains will take several months. The more immediate concern is what happens when paper markets — the futures and financial instruments that currently appear more complacent than physical market conditions warrant — finally catch up to reality. As inventories deplete, that convergence could be abrupt, potentially driving oil prices toward the \$150 to \$200 per barrel scenarios that have been discussed but not yet materialized.

Several specific issues are in play. The US government is actively debating but has not yet implemented export controls on crude oil and petroleum products — a step that would protect domestic inventories but could severely damage relationships with allies and trading partners. Iran nuclear negotiations, potentially involving China as a broker alongside the United States, remain a possible path toward restoring Strait access and global supply normalization.

Beneath these immediate questions lies a deeper one that the crisis has brought into sharp focus: what does a responsible approach to American energy power look

like in a world where the United States is both the largest producer and the most capable disruptor of global energy markets? The shale revolution gave the United States enormous freedom of action. The question that remains unanswered – and that may define the next chapter of global energy geopolitics – is how that freedom will be used.

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This summary is based on an on-the-record panel discussion hosted by the New York Energy Forum on May 12, 2026. Panelists' views are their own and do not represent the positions of their respective institutions. This summary was generated using Zoom notes and Claude.