

Reorganization of Fuel Categories in AEO2007

AEO2007 includes, for the first time, a reorganized breakdown of fuel categories that reflects the increasing importance, both now and in the future, of conversion technologies that can produce liquid fuels from natural gas, coal, and biomass. In the past, petroleum production, net imports of petroleum, and refinery gain could be balanced against the supply of liquid fuels and other petroleum products. Now, with other primary energy sources being used to produce significant amounts of liquid fuels, those inputs must be added in order to balance production and supply. Conversely, the use of coal, biomass, and natural gas for liquid fuels production must be accounted for in order to balance net supply against net consumption for each primary fuel. In *AEO2007*, the conversion of non-petroleum primary fuels to liquid fuels is explicitly modeled, along with petroleum refining, as part of a broadly defined refining activity that is included in the industrial sector. Unlike earlier *AEOs*, *AEO2007* specifically accounts for conversion losses and co-product outputs in the broadly defined refining activity.