

Energy Bill

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THE WALL STREET JOURNAL

The Grassley Rainforest Act

We'll say this for the energy bill that is about to come to a final vote in Congress: It's certainly comprehensive. It may not have all that much to do with energy any more, but it does give something to every last elected Representative.

What began three years ago as a serious White House study of America's growing energy needs has emerged as one of the great logrolling exercises in recent Congressional history -- which is saying something. The GOP leadership has greased more wheels than a Nascar pit crew. Perhaps the rest of us will see more energy supplies as a result, but we're sure going to pay for the privilege.

Yes, there are a few good policy advances, as you'd expect in a 1,700-page monstrosity. The electricity title will finally repeal the 1935 Public Utility Holding Company Act and allow utilities to tap capital from outside the industry. The Federal Energy Regulatory Commission will also gain authority to intervene in controversies over where to site transmission lines, as well as to oversee the writing of new electricity reliability standards meant to help avoid another August blackout.

Another improvement will cut the red tape that currently entangles companies drilling for natural gas on federal lands. Congress also agreed to give liability protection to the oxygenate MTBE, which is about to become the latest tort bar prey. But that's the least Congress could do considering that it is also more or less putting the MTBE industry out of business in order to clear the way for more ethanol sales.

That's about it for encouraging new energy supplies. So as not to offend liberals who wouldn't know the tundra from a turnpike, Republicans dropped drilling for oil in a mere 2,000 acres of Alaska. Pacific-coast legislators can take similar credit for defeating offshore natural gas exploration. And Southerners can promise their utility monopolies a competition-free environment until 2007, having put off giving FERC new powers to reform the national power grid.

With these controversies settled, the Members could get down to the serious business of buying votes. One prime piece of pork is up to \$350 million in tax exempt bonds for several "green" development projects. They include a new mall in Syracuse, N.Y., to be powered by subsidized soybeans, and a project to bring shops

(including, believe it or not, an energy-rich Hooters) to the riverfront of Bossier City, La. Special applause goes to Senator Chuck Grassley for grabbing millions to build an indoor rainforest and a million-gallon aquarium in lush, tropical Iowa.

The bill's total price tag in new outlays is a tidy \$72 billion, according to Taxpayers for Common Sense. That's not counting some \$23 billion in tax giveaways to nuclear, oil, gas and coal concerns all over the country -- three times more than President Bush once said he'd accept.

Alaskan Senator Ted Stevens earned his salary (and everyone else's in his state, come to think of it) with \$18 billion of federal loan guarantees for a new pipeline project. Rather than allow industry to run this equipment through Canada at a potentially lower price, Congress decreed that the pipeline must follow a route through Alaska. West Virginia's Robert Byrd is undoubtedly nodding in appreciation.

And let's not forget the Midwesterners who scored the corn heist of the century with a mandate to more than double the amount of ethanol drivers must buy -- adding \$8.5 billion to gas prices over each of the next five years. Thanks to Mr. Grassley, taxpayers will have to hand over \$2 billion a year more to the Highway Trust Fund for any loss of tax revenue due to this higher use of ethanol. This cash will in turn go to pay for -- more highway projects for their districts. Is this a great bill, or what?

The real secret of this bill's success, if that's the right word, is that everyone is in on the action. While Republicans are in charge, Democrats are along for ride, especially Senate Minority Leader Tom Daschle. Facing a difficult re-election next year in South Dakota, Mr. Daschle has provided crucial backroom support for the ethanol subsidy that will enrich such needy souls as Archer-Daniels-Midland. Remember that the next time Mr. Daschle intones about tax cuts for "the rich."

We realize that making legislation is never pretty, but this exercise is uglier than most. The fact that it's being midwived by Republicans, who claim to be free-marketeters, arguably makes it worse. By claiming credit for passing this "comprehensive" energy reform, Republicans are now taking political ownership of whatever blackouts and energy shortages ensue. Good luck.

November 18, 2003

The Washington Post

Depleted Energy

TUCKED AWAY in the 1,000-plus pages of the energy bill that a House-Senate conference produced yesterday are subsidies, loan guarantees and other spending measures worth about \$100 billion. Where is all that money to go?

Not surprisingly, some would be spent in the states of congressmen who helped write the bill, or whose help is needed to pass it. The bill subsidizes, among other things, coal and coke-based power plants in Alaska, West Virginia, Louisiana and Minnesota; the universities of New Mexico Tech, Houston, Louisiana State, and Texas A&M; the Denali Commission, which aids remote communities in Alaska; the restoration of wetlands along the Louisiana coastline; and, of course, the production of ethanol, a corn-based gasoline additive popular among Midwestern members of Congress.

Companies and industries benefit too. Some are relatively small: The bill overturns a ruling that a power company in Louisiana -- home state of Rep. W.J. "Billy" Tauzin (R), chairman of the House Committee on Energy and Commerce -- had double-charged a competitor for use of its transmission system. Some are large: The Texas- and Louisiana-based producers of MTBE, another gasoline additive that is believed to pollute drinking water, have not only been exempted from product liability, they also have been retroactively exempted, a change that cancels out lawsuits against MTBE manufacturers filed after Sept. 5, 2003. Among other direct beneficiaries are several large political donors, including Archer Daniels Midland, the biggest producer of ethanol; the Southern Co., an electric utility; and, of course, the oil and gas industry, which, according to Taxpayers for Common Sense, would receive more than a

quarter of the tax breaks and incentives in this bill. No wonder Sen. John McCain (R-Ariz.) has described this as a "no lobbyist left behind" bill.

Unfortunately, the list of things the bill does not do with \$100 billion is equally long. The bill does not, for example, provide a clear direction for the development of the electricity grid: Although it contains language that seems to encourage the formation of regional commissions that could better manage the grid, it also contains provisions that discourage utilities from joining them. (That sounds contradictory, and so it is: Senators at the conference were openly confused by some of the measures.) The bill also does not encourage the U.S. car industry to manufacture vehicles that consume less fuel and produce fewer pollutants. Outside of a few provisions on electrical appliances and heating systems, the bill does not significantly encourage energy conservation. Although it would help increase short-term energy supplies, the bill will not wean this country from oil and gas imports.

All of this helps to explain why Republican congressional leaders are not even pretending that the bill will have much effect on the nation's energy policy. Instead, they are lauding it as an economic stimulant. "This is in essence a jobs bill," Mr. Tauzin said. The House majority leader, Rep. Tom DeLay, calls it critical to "job creation" too. While it's amusing to watch members of the allegedly "free-market" Republican Party arguing in favor of spending money to create jobs, it will be less funny if the bill passes. For that reason, we're hoping that lawmakers of both parties will join together over the next few days and make sure the bill doesn't become law.

November 18, 2003

The New York Times

A Shortage of Energy

President Bush seems to have been the recipient of poor intelligence again. Last weekend, he claimed that the energy bill approved by Republican leaders would make the country "more secure." Senator John McCain's description of the bill as a "leave no lobbyist behind" barrel of pork for selected industries and campaign contributors was closer to the truth. So was Senator Robert Byrd's unsparing judgment that the bill would "do about as much to improve the nation's energy security as the administration's invasion of Iraq has done to stem the tide of global terrorism."

One can only hope for a similar show of honesty from 39 of their Senate colleagues, 41 being the minimum needed to sustain a filibuster and launch this dreadful bill into the legislative netherworld where it belongs. At that point Congress can start again and give the country an energy strategy worthy of the problems it faces, oil dependency being one, and global warming another.

Both problems require fossil fuel alternatives — not just environmentalists' favorite hobbyhorses, like wind and solar power, but biofuels that can take the place of gasoline. They demand vastly more efficient cars and trucks, as well as more benign forms of coal, the world's most abundant fuel. This bill takes baby steps — a clean-coal demonstration project here, a hydrogen project there — that pale next to the huge tax breaks and generous regulatory rollbacks it gives

fossil fuel producers.

The oil and gas companies were particularly well rewarded — hardly surprising in a bill that had its genesis partly in Vice President Dick Cheney's secret task force. Though they did not win permission to drill in the Arctic National Wildlife Refuge, they got a lot of other things, not only tax breaks but also exemptions from the Clean Water Act, protection against lawsuits for fouling underground water and an accelerated process for leasing and drilling in sensitive areas at the expense of environmental reviews and public participation. Meanwhile, the bill imposes new reliability standards on major electricity producers, but it is not clear whether it would encourage new and badly needed investment in the power grid.

The responsibility for providing something better now falls to the Democratic leadership, in particular Tom Daschle. Mr. Daschle is one of several Midwestern senators drawn to a provision mandating a big increase in the use of ethanol made from corn. The ethanol mandate might be justifiable as part of a much broader and more aggressive biofuels program. By itself, it is an expensive and environmentally dubious giveaway to Midwestern farmers who are already generously subsidized. Though Mr. Daschle seems to regard their votes as essential to his political future, it is time for him to think on a grander scale.

November 18, 2003

Anchorage Daily News

Energy bill a setback

Disappointments for Alaska on gas line, heavy oil, ANWR

The compromise national energy bill, negotiated in secret by Republican lawmakers, is a disappointment for Alaska. While analysts are trying to sort out exactly what is in the 1,700-plus pages of legislation, the results for Alaska are clear. Of the three major ways Alaska might substantially boost national energy production, the bill fails to deliver meaningful assistance on any of them.

To no one's surprise, the bill does not authorize oil drilling in the Arctic National Wildlife Refuge. The refuge is the nation's best hope for finding a giant new onshore oil field. Unfortunately, an energy bill that includes drilling in the refuge would never make it through the Senate. The political opposition is so intense that congressional permission to explore there must be put off to another day.

Though the refuge is a hot oil prospect, nobody knows for sure whether there is enough oil there to get excited about. That's not true for Alaska's two other huge energy prospects. They are sure things, at least in geologic terms.

The North Slope is full of natural gas. It's also full of super-heavy oil that's difficult to pump from deep formations. The problem with both natural gas and heavy oil is not geology; it's economics. Given the nation's ever-growing appetite for secure supplies of energy, some form of federal aid is appropriate to capitalize on those two energy sources.

Alaska's huge amount of gas is 4,000 miles and one multibillion-dollar pipeline from the U.S. markets that need it. Congress missed the chance to help turn the gas line from pipe dream to reality. According to the oft-repeated claims of the big three North Slope producers, the loan guarantee in the energy bill is not enough to break the economic deadlock stalling the project. That guarantee only protects against the risk of default and marginally reduces financing costs. It does nothing to limit the project's vulnerability to the most critical financial

risk: potentially devastating low gas prices.

Supplying a tax credit that kicks in when prices drop too far would have been a low-cost way to keep downside risk within acceptable bounds for investors. But as often happened in this bill, conflicting interests killed a helpful provision. States with smaller, economically marginal gas deposits proved to have more clout than Alaska inside the Bush administration and the House of Representatives.

The final blow to Alaska's hopes was the demise of a tax credit for heavy oil production. With a \$3-a-barrel credit, Alaska's North Slope companies estimated they could eventually boost production by 75,000 barrels a day, according to Conoco Phillips lobbyist Don Duncan in Washington, D.C.

But competing interests sank that production incentive too. It was killed by a powerful congressman from a region of California with lots of small wells that produce heavy oil. He didn't want to encourage competition from more expensive, more productive Alaska heavy oil wells.

What happened with Alaska's key issues is the story of the bill in a nutshell. It won't do as much as it could to boost energy production. Too many ideas that would have made a difference had too many powerful enemies. The bill doesn't do enough to make sure the nation gets the most bang for every BTU of energy produced, for the same reason.

What's left is a grab bag of lesser measures and pet projects patched together in hopes of gaining enough votes to pass in the House and Senate. The result is an energy bill that likely will pass -- but not a coherent energy policy for a nation critically dependent on imported energy supplies.

BOTTOM LINE: With a grab-bag energy bill, Congress missed the chance to help bring more Alaska oil and gas to market.

November 18, 2003

The Atlanta Journal-Constitution

Put backroom energy bill out of the country's misery

There's plenty to dislike about the energy bill that emerged from a House-Senate conference committee this weekend, not the least of which is the contemptibly underhanded way it was cobbled together.

For months, Rep. Billy Tauzin (R-La.) and Sen. Pete Domenici (R-N.M.) have presided over meetings in which they were supposed to be laying the foundation for the nation's long-term energy priorities. Before them was a historic opportunity to forge a truly bipartisan consensus that would meet the nation's immediate needs while expanding conservation and encouraging renewable energy to wean us from foreign oil.

Instead, the Republican leaders chose to negotiate the bill in secret, refusing even to tell their Democratic colleagues where or when important sessions were being held. When they were found out, the Tauzin-Domenici clique wouldn't discuss substantive parts of the bill until Democrats and the more moderate members of their own party had cleared the room. Compounding this misbehavior was the decision to release the 1,100-page document on Saturday, giving the excluded conferees a mere 48 hours to digest its contents before voting on the measure.

Such sophomoric tactics might be forgivable in a middle school civics exercise gone horribly awry. But they're an affront to long-standing congressional custom and an insult to honored notions of open government and fair play the American public has every right to expect of its lawmakers.

So what, after all, did the conference committee want so urgently to hide?

Keith Ashdown, an analyst with the nonpartisan Taxpayers for Common Sense, put it best when he called the legislation "a

smorgasbord of subsidies to big companies masquerading as energy policy." If passed, the bill would dole out goodies to the undoubtedly grateful oil, coal and nuclear power industries like so much Halloween candy. Too bad the trick is all on the taxpayers. Among the more egregious items in the bill:

- A provision sneaked in at the last minute would postpone deadlines for those areas of the country -- including metro Atlanta -- that are in violation of the federal Clean Air Act and are under court order to reduce pollution or risk losing federal transportation funds.

- A "sweetener" aimed at garnering votes of representatives from farming states would double the production of ethanol, a corn-based gasoline additive the benefits of which appear increasingly dubious.

- Reduces funding for "clean coal" in favor of dirty, more conventional coal-burning technologies without any corresponding environmental safeguards.

- Would offer substantial tax credits to companies that build advanced nuclear reactors, giving those technologies the same advantages as renewable energy sources such as wind and solar power.

Any silver lining that might have been gleaned by the conference's politically pragmatic decision not to permit drilling in the Arctic National Wildlife Reserve is tarnished by its utter failure to back increased fuel efficiency for passenger vehicles that would conserve gas and decrease air pollution.

This bill is about as bad as it gets. When it comes up for a vote, members of Congress who remain committed to more rational energy policy for America and still believe in the dignity of the legislative body in which they serve shouldn't hesitate to reject it.

November 15, 2003

Bangor Daily News

Energy Rush

The best thing that could be said of the long-awaited energy bill announced yesterday afternoon is that it no longer contains a plan to drill for oil in the Arctic National Wildlife Refuge. But conference leaders have been so reluctant to release their work that it is hard to confirm all that remains in the bill, although what is known is not encouraging.

The 1,700 pages of policy, tax breaks, legal protections and subsidies that make up the bill can barely be reviewed before Congress is to adjourn Nov. 21. A disastrous rollback of the Clean Air Act would slide through under this plan, yet has barely been discussed. The secrecy combined with a rush to vote before leaving town is an affront to the democratic process.

To be sure, its authors intended the secrecy part, although initial news reports say the reconciled bill still contains too little in the way of energy conservation and too many tax breaks for producers of oil, nuclear, gas and coal - the subsidies are said to total \$20 billion, twice the amount President Bush wanted. Legal protections for the makers of the gasoline additive MTBE are said to be in the bill, as are large subsidies for ethanol and, for that matter, subsidized financing for an artificial rainforest in Iowa.

Count on the House to pass the bill early next week, largely unread. The Senate will take it up after that, perhaps Wednesday, with the

question of whether it has 60 senators willing to close off debate on such a large, far-reaching bill. Sen. Susan Collins expressed the proper level of concern over the bill: "I have seen no indication that the bill will require any of our electricity to come from clean, renewable energy sources," she said. "I see no indication that the bill will reduce our reliance on foreign oil by increasing automobile fuel efficiency or mandating oil savings; and I see no indication that the bill will do anything to address climate change.

"I call on the Senate to reject any bill that does not contain an appropriate balance between energy efficiency, renewable energy, energy production, and environmental protection."

The senator is correct and should go further. The public has barely seen what the bill contains and will not until it is passed unless the Senate holds full debate on the bill's many provisions, a debate that should not be restricted to just a couple of days.

Congress has tried for 10 years to develop an energy bill that would address complex and shifting energy demands and very real environmental worries while anticipating the likely course of energy markets in the coming decades. It is difficult work that requires unusual foresight. Members of Congress should take care with what they pass even if that means delaying this long-awaited bill.

November 18, 2003

Chicago Tribune

Energy legislation on the fly

Despite all the years of partisan haggling that preceded it, the approximately 1,400-page energy bill that Republicans unveiled over the weekend--and which Congress is expected to vote on this week--is no masterpiece of compromise or even effective legislation.

It's more like a jigsaw puzzle with hundreds of unrelated pieces crammed together. A few initiatives are worthwhile, most look more like a laundry list of special-interest subsidies. Together, they don't add up to a policy that will promote energy self-sufficiency or stable prices.

If those problems don't sink the bill, the process by which the Republican majority cobbled it together certainly ought to. Democrats literally were locked out of the final negotiations, and now Congress--and the public--have about 48 hours to digest and evaluate the contents of this mammoth document. This is no way to craft a sensible national energy policy.

The proposed bill drops provisions allowing oil exploration and drilling in the Arctic National Wildlife Refuge, long on the wish list of the oil industry and Alaska's congressional delegation but fraught with considerable risks to the environment. Good riddance.

The bill addresses the problem created by this summer's blackout in the Northeast by mandating reliability rules for the nation's transmission networks and other measures to prevent it from happening again. The bill would repeal the Public Utility Holding

Company Act, which limits industry mergers. The act has prevented needed consolidation of the utility industry to make it more efficient.

But work down the grab-bag of other subsidies in the bill and things quickly get ugly. The bill would double the use of ethanol as a gasoline additive to 5 billion gallons a year. Expanding subsidies for ethanol may be a victory for the Midwest farmers and Decatur-based Archer Daniels Midland, the largest producer of the stuff. Losers are taxpayers who are saddled with the tab for a technology that is extremely expensive and has little impact on pollution.

Its inclusion in the legislation is a testament to the clout of Republican Sen. Charles Grassley of Iowa, the lead negotiator, and Minority Leader Tom Daschle, from South Dakota, home to nine ethanol plants. It's also proof of pork-barrel politics trumping sound energy policy.

Many other subsidies loom, such as \$20 billion in federal financial support to spur construction of a trans-Alaska gas pipeline. Industry backers say those incentives are not enough to get the project started. The bill even provides \$6.2 million to promote bicycling as an energy-conservation measure and incentives to manufacture more efficient traffic lights.

All this and thousands of other provisions have landed on the lap of Congress, which is supposed to consider the costs and benefits and make a decision by week's end. Neither the contents nor the process for cobbling it together suggest this is the type of energy legislation the country needs.

November 18, 2003

THE DENVER POST

Energy bill full of pork

The congressional energy bill that has emerged from conference committee is severely disappointing and should be voted down or filibustered in the Senate.

What started as a push for a national energy policy mutated into an enormous pork barrel. The measure authorizes \$72 billion in new spending while doling out billions of dollars in subsidies and tax breaks. It will worsen the federal deficit by \$22 billion just in the short term, while depriving states (including Colorado) of crucial revenues. It will raise gasoline prices nationwide by 5 cents a gallon, with the money going to big corporations that make ethanol fuel additives. Yet it does nothing to help the national energy situation.

The bill does include funds for energy conservation, including some incentives for "green" construction, but some sound suspicious. Some \$180 million will pay for a development in Shreveport, La. That project will use federal tax money to subsidize that city's first-ever Hooters restaurant. What a new Hooters has to do with America's energy situation may be best known to U.S. Rep. Bill Tauzin, a Louisiana congressman and key player in the secret conference committee talks.

Some \$120 million in federal money will build an indoor rain-forest entertainment center in Iowa. The Denver Post favors saving the rain forests - just not on the prairies of Iowa.

In Colorado, money from the energy bill will help pay to redevelop a mothballed shopping mall in Lakewood. If the project deserves federal funds, it should have been authorized through the usual appropriation channels.

The bill shifts the costs of environmental

cleanups from the makers of MTBE fuel additives onto taxpayers. Meanwhile, an oilfield technique called hydraulic fracturing will be exempt from a key environmental law. The legislation also will make it harder to regulate wastewater runoff from construction sites. The last two provisions could harm Colorado communities.

The bill also effectively reduces royalties that oil and gas companies pay the government. Since oil-producing states get a share of royalties back from the feds, the change means states like Colorado will get less money. Last year, Colorado got \$54 million for its share of federal mineral royalties.

Oil companies now pay the royalties in cash. The bill instead will let them pay "in kind," with barrels of oil. Reviewing a pilot program that permitted such "in kind" royalties, the General Accounting Office discovered that the oil companies used accounting maneuvers to distort the value of the oil, effectively giving the government less money.

If such giveaways had been offered on the House or Senate floor, they might have been trounced. But the most pernicious pork got added in conference committee, where the public was barred from even watching the discussions. The committee should have only reconciled differences in the House and Senate bills. Instead, it acted like a super-legislature, crafting its own version of the bill while avoiding any open and public debate.

The bill provides no real vision and represents no real improvement in policies and laws. It's vexing that Congress didn't seize an opportunity to improve the national energy picture. Congress should start over next year.

The Forum

Put a hold on flawed energy bill

There is so much wrong with the new federal Energy Bill that it should be scrapped. That won't happen because most members of Congress -- Republican and Democrat -- and everyone in the Bush administration have been bought by the energy industry.

The bill was written in secret by a cabal of energy industry insiders with Vice President Dick Cheney presiding. All attempts to find out the who, what and why of the behind-closed-door sessions have been rebuffed by the administration, even in the face of legal challenges. Moreover, most Americans seem unconcerned that public policy that will affect every one of them was cobbled together by special interests who have much to gain by weakening clean air and clean water protections that have been in place for 20 years.

Ironically, the vice president and the energy industry conducted themselves the same way First Lady Hillary Clinton did in the first Clinton term when she tried to develop a national health care plan behind closed doors. Press and public were barred from those deliberations, in much the same way Cheney and his pals conducted their stealth energy bill discussions.

The bill is deeply flawed:

- It does not address seriously the turf protection in the nation's energy grid that contributed to the unprecedented blackout a few months ago on the East Coast.

- At a time when new energy technologies are showing economic viability and scientific

advances, the bill directs most federal incentives to old, dirty fossil fuel industries.

- It erodes property rights, specifically of landowners in western states, in order to give energy companies easier access to oil, natural gas and coal.

- It includes a formula which, in practical application, will allow more pollutants to foul the air in regions of the country where air quality already is a problem. In areas where the air is clean (North Dakota, for example) the bill could contribute to deterioration of air quality by relaxing emission standards for coal-burning power plants.

- Water quality is threatened by provisions which essentially hand the oil and gas industry a pass on the Clean Water Act.

That's not to say every element of the bill is a mistake. Indeed, it's been written to pass. It has something for nearly everyone. For example, it grants small incentives for wind energy, ethanol production, biomass development, clean coal research and electrical transmission corridor right-of-way changes -- all provisions that make it appealing in North Dakota.

Nonetheless, it's a massive bill which has not been properly debated in Congress. The legislation was written by the congressional majority and the energy industry with little participation from voices that challenge the energy lobby. In other words, the energy legislation was written for the short term interests of the energy industry, not the enlightened energy future of the nation.

The Patriot-News

Focused On You

Energy policy upside down

With House and Senate Republicans having reached agreement, Congress could well pass an energy bill before the month is out.

Just where that will get us is hard to see. Rhetoric about "energy independence" will remain just that with no significant attempt to reduce gasoline consumption. Indeed, without increased fuel economy, the government expects the current daily consumption of petroleum amounting to 9 million barrels a day to grow to 12 million barrels a day. That's an increase of one-third in just seven years, which can only make the country more dependent on foreign oil.

The energy issue is an upside down world for sure. And there is no more blatant example than the 100 percent tax credit available to

business owners who purchase gas-guzzling Hummers and more than 30 other models of large SUVs. The tax credit was enacted as part of President Bush's economic stimulus package, but was intended to help farmers and other small businesses. But the tax break is so attractive, it has caused a run on the vehicles that average between 9 and 15 miles per gallon.

Hybrid cars, which offer 50 to 60 miles per gallon, are subject to a \$2,000 tax deduction, and that's in the process of being phased out.

This pretty much describes our national energy policy, which is tilted toward ever higher energy consumption, with occasional crumbs and rhetorical flourishes thrown toward energy efficiency and conservation.

In effect, the United States doesn't have an energy policy. And that isn't about to change.

November 18, 2003

Houston Chronicle

Fix the flaws

This proposed energy bill is half a loaf, half-baked

A bill setting out a national energy policy should encourage conservation, investment and new technology; increase available energy; make the distribution system more reliable; and reduce pollution from burning fuel. The energy bill unshrouded Monday by congressional Republicans is, at best, half of a loaf that's been dropped repeatedly in the dirt.

As the Chronicle noted earlier, this bill tries too hard to please commercial and parochial interests and too little to advance the national interest. Exhibit A is its proposed doubling of ethanol use. Derived principally from corn, ethanol is good for farmers and refiners but will cost taxpayers billions without much reducing car emissions or increasing the net supply of motor fuel.

Ethanol's principal competition as a gasoline additive is MTBE, much of which is made along the Gulf Coast. The bill would absolve MTBE makers of product liability suits, which would reduce the incentive for MTBE makers to repair or replace the aging tanks in which it often is stored.

The most pressing problem facing the nation is its increasing reliance on imported oil and gas. Yet the bill ignores several obvious avenues for progress.

The Republican draft of the bill set no standard for renewable sources of power, such as solar and wind. The latter will provide 2 percent of Texas' electricity supply and one day could spell the difference between air conditioning and brownout. There is no reason for Congress to ignore these pollution-free, alternative energy sources, and the conference committee should

adopt a Senate amendment requiring expanded production of renewable energy.

The bill would spend \$1 billion on hydrogen research. But given the dangers of fuel shortages and economic disruption, a crash program to minimize oil consumption and develop an alternative is called for.

More than \$20 billion in tax subsidies would be offered oil, natural gas, coal and nuclear power producers. This will help the Houston area, the world's energy capital, but won't really slow the increase in imported oil or reduce the toxic fumes from power plants.

A section of the bill would extend the time communities have to meet federal air quality standards. It would not force communities to adopt stricter pollution policies, encouraging the hope that they can escape clean air standards indefinitely.

Environmental activists complain that the bill does nothing to reduce global warming, and at the same time they object to federal subsidies for nuclear power, which would cut the emission of greenhouse gases. Unfortunately, it will take more than tax subsidies to build the next generation of nuclear plants.

The bill would mandate reliability requirements for electricity transmission lines, but would leave the national grid in the hands of individual companies, with no requirement that they work together to reduce the chance of major blackouts.

Half a loaf usually is better than none, but not if it's half-baked. This one could use at least a few more days in the oven to correct the most obvious flaws.

November 18, 2003



Power Play

The big new energy bill costs too much and does too little, but it's destined to become law

The vast and costly energy bill that the Republican Congress was finishing up yesterday is a grab bag of programs and tax breaks that will do little to relieve the nation's energy predicaments. Some Democratic legislators, shut out of the largely secretive negotiations that crafted the final bill, have joined environmentalists in objecting to the legislation's failure to do more to spur conservation or to develop renewable fuels. But energy industry analysts say it won't even do much to increase the supply of conventional fuels, despite a raft of industry subsidies.

Republicans put the bill's cost in tax breaks alone at \$23 billion over 10 years, but other overall estimates are as high as \$120 billion. The actual cost will probably fall in between - money that should be better spent, or not spent at all.

It's unlikely the bill's opponents will succeed in amending it significantly or blocking its passage, and President George W. Bush, who has been pressing for an energy package since 2000, is sure to sign it. So it's wishful thinking to look to this Congress to come up with something better. Too bad. That's what's needed.

Domestic production of petroleum has been

declining for decades, as economically exploitable resources are drawn down. And with oil use rising, this country is becoming increasingly dependent on foreign suppliers, with sources in the volatile Middle East playing a major role.

So an appropriate strategy would have been to push for energy efficiency - particularly for cars and trucks, major oil consumers - while developing alternative energy resources. That would mean mandating gradual increases in fuel economy for cars and trucks and imposing higher gasoline taxes, to spur conservation. But the bill contains nothing that far-reaching.

It not only lacks any forthright policy direction, some provisions appear contradictory - they would strengthen electric transmission systems, for example, but could hinder access to transmission lines for some power producers.

A few supply-side initiatives seem merited: expanding the strategic petroleum reserve, as a buffer against major supply interruptions, and encouraging construction of a new natural gas pipeline from Alaska. And there is some emphasis on new energy resources, particularly research on using hydrogen as a fuel - but not nearly enough.

November 18, 2003

MILWAUKEE JOURNAL SENTINEL

Indigestion before holidays

The draft of a national energy bill finally approved and released by congressional Republicans late last week is said to be about 1,150 pages long. The Old Testament is only slightly longer and is a lot more readable - even the "begats" parts - but no one would be expected to read it with comprehension in less than a week. And yet that's exactly what the bill's supporters expect of their colleagues and the public as they seek passage of the measure before the Thanksgiving recess.

While we firmly believe the nation needs a sound energy policy to ensure a reliable electricity grid and to reduce American reliance on foreign sources of oil, we're not sure this bill would do the job. We're not sure it's the turkey of a bill that critics say it is, either, but we do think the public deserves more time to digest this massive bill and determine for itself whether the bill matches the public's appetite for energy.

From what is known so far, some items in the bill warrant support. A natural gas pipeline from Alaska's North Slope to Chicago could ease the price pressures on natural gas. Spending more money to find ways to reduce emissions from coal plants is laudable, if such plants can help clean the air while keeping down energy costs for average homeowners. Requiring new standards of reliability on electricity grids could help ensure that those homeowners will be able to turn on their lights every day. Providing tax incentives to help build a new generation of nuclear plants puts that

energy source back on the table - at least for discussion. And providing additional help for producers of electricity from solar, wind and methane could expand the nation's renewable and alternative energy sources.

But, again from what is known so far, what's good in this bill is far outweighed by the bad. Some provisions would weaken the Clean Air Act, the Clean Water Act and federal protections for public lands. Conservation efforts don't receive the support they deserve. Manufacturers of the gasoline additive MTBE would be let partially off the hook for producing an additive that poisoned groundwater. Meanwhile, manufacturers of ethanol would receive more federal pork than they already get for making a corn-based gasoline additive that does nothing for clean air and saves no energy.

And speaking of pork, the biggest subsidies would continue to go to traditional energy industries, such as gas companies and electric utilities at the same time that the bill seeks to loosen federal oversight of such companies. Among other things, for example, the bill would repeal the Public Utility Holding Company Act, which has served the public's interest well since the Depression.

This measure seems better than previous attempts that went down to deserved defeats, but it still leaves a lot to be desired. And its supporters have left Congress and the public with too little time to understand everything that's in this epic of biblical proportions, let alone fix it.

Star Tribune

NEWSPAPER OF THE TWIN CITIES

Energy bill A fine target for a filibuster

The energy bill unveiled over the weekend is wrongheaded policy prepared in a highhanded way, fitted with perhaps enough gifts to selected opponents to buy its passage. It's an abusive approach to lawmaking, egregious enough to deserve -- indeed, to invite -- a filibuster.

Broad outlines of this policy were settled at the outset of the Bush presidency, when Vice President Dick Cheney invited energy industry executives to tell the new administration how it might better serve them. Some of the details have changed in three years of legislative maneuvering, but its central objectives are unchanged. It remains, as Sen. Charles Schumer put it, a "grab bag of goodies for special interests," most of them in the constellation of companies that constitute Big Energy.

Yes, there are incentives for new hydrogen cars, for renewable energy, for conservation and efficiency. These range in scale from minute to modest, and will accomplish little compared to such obvious but rejected initiatives as increasing automobile fuel economy or requiring utilities to generate some small portion of their electricity from renewable sources.

Yes, the provisions opening the Arctic National Wildlife Refuge and certain offshore areas to oil and gas drilling have been dropped -- for now -- in a concession to the Senate's plain willingness to reject them. Instead, the oil and gas industries get huge new production incentives, including \$18 billion in loan guarantees for a new natural-gas pipeline from Alaska to Chicago, and a very long list of breaks on rules that limit their pollution of air and water.

There are significant new streams of money for

"clean coal" electricity plants, new nuclear power plants, new production of ethanol for use as a fuel additive. A trickle, at best, is destined for the innovators who could truly move this country toward an energy future characterized by self-sufficiency, clean production and economic growth.

Nobody believes this bill will bring any significant reduction in U.S. oil imports, nor any abatement of the pollution associated with domestic production, nor any greater flexibility or reliability in the national electricity grid. Moreover, some U.S. energy producers are saying they don't think it will raise domestic output by much.

What it will do is transfer a lot more public money to the administration's friends in the energy companies and the big oil and gas states, and a little bit more to other special interests, like corn farmers and ethanol distillers in the Upper Midwest. That may give senators like Minnesota's Mark Dayton and Norm Coleman a few good reasons to vote for the bill, but these remain far outweighed by much larger reasons to vote against it.

For Dayton, at least, an additional reason for opposing this bill is its secretive preparation by the Republican leadership, meeting behind closed doors without any participation by Democrats. That affront to congressional process would justify a no vote even if the product were not such a clear step backward on important national interests.

If Sen. Schumer, a New York Democrat, follows through on his pledge to mount a filibuster, he will be offering his colleagues a graceful way out of this mess -- a chance to let this bill die the quiet death it deserves. They shouldn't hesitate to take it.

November 18, 2003

CONCORD MONITOR

Abuse of power

The federal energy bill is ultimately worse than no bill at all.

While searching for a way to propel a bad energy bill into law, congressional Republicans discovered two new miracle fuels - pork and corn.

Republicans dearly hope to recess for Thanksgiving and, with a straight face, tell the folks back home they've made America's energy future brighter. Don't believe it. While the bill contains a few good measures, it is largely an attempt to preserve the profligate status quo while rewarding big energy.

The bill's 1,000-plus pages were written behind closed doors. It had no significant input from Democrats or the public and plenty of input from Vice President Dick Cheney and his friends in the energy industry. Members of Congress were purposely not given the bill until Friday. That gives them just days to decipher what its many pieces mean for the nation and its energy-hungry consumers.

The bill cobbled up by the Republican-dominated conference committee cannot be amended. The vote will be take it or leave it.

We say leave it. There is no need to rush passage of a bad bill that was 10 years in the making.

The legislation does almost nothing to reduce the nation's dependence on foreign gas and oil and nothing to reduce global warming. It does not increase the fuel efficiency standards for cars and trucks. The bill may even wind up lowering the current 27.5 miles per gallon average since it discourages tougher standards that could lead to job losses in the auto industry. It also scraps a Senate plan that would have required electric utilities to generate more of their power from renewable sources like wind and solar energy by 2015. The bill will weaken the Clean Air and Clean Water acts.

Worse yet, from a New Hampshire

perspective, it exempts the oil industry from liability for cleaning up waters polluted by the gasoline additive MTBE. It even makes the effective date of the MTBE law retroactive to Sept. 30. That date was set specifically to shield the oil industry from a lawsuit filed last month by the state of New Hampshire, the first state to file an MTBE damage suit. Nationally, the ban will mean that billions in cleanup costs will be shifted from the oil industry to taxpayers.

Fortunately, despite pressure from the White House, the so-called omnibus energy bill does not include permission to drill for oil in the Arctic National Wildlife Refuge. And it does include credits for consumers to buy energy-efficient appliances and small amounts of money for research into alternative energy technologies. But the good hardly offsets the bad.

The bill includes \$115 billion in subsidies for the gas, oil, coal and nuclear power industries - the pork - and \$7 billion in subsidies for farmers to grow corn to produce the gasoline substitute ethanol. Midwestern farm Democrats, led by Sen. Tom Daschle of South Dakota, pecked their way along that trail of corn and appear ready to climb into the bag with senators lured by other subsidies. The corn to make ethanol, however, would almost certainly be grown using fertilizers made from what else - oil.

The omnibus energy bill is scheduled for a vote in the Senate tomorrow. Members of New Hampshire's congressional delegation object to its excessive subsidies and the plan to stick taxpayers with the cleanup costs for MTBE pollution. We urge them to vote no on the bill.

America's economy and its foreign policy are tied to the nation's energy policy. That policy is too important to be crafted in secret and rushed into law.

November 18, 2003

The Orlando Sentinel

Start over

The energy bill before Congress is worse than what exists

Under pressure from the White House, leaders in Congress are eager to pass an energy bill before they break for Thanksgiving. But the bill before them is a turkey. Members need to reject it and start over.

After weeks of closed-door dealing on energy policy, House and Senate negotiators have unveiled a budget-busting proposal that would do little to break America's fossil-fuel addiction.

The energy proposal is so bloated with goodies for special interests that Republican Sen. John McCain of Arizona called it "the Leave No Lobbyist Behind Act." Altogether, the energy proposal includes \$23 billion in tax giveaways over 10 years -- more than twice what the White House recommended -- and calls for tens of billions of dollars in additional spending. Yet negotiators rejected Senate provisions that would have partially offset these costs, despite a deficit in the current federal budget year that could top \$500 billion.

Two-thirds of the tax breaks would go to the oil, natural-gas and coal industries, helping to perpetuate the country's dependence on fossil fuels. Less than a quarter of the breaks would promote the use and development of renewable-energy sources, and less than a tenth would reward energy efficiency or conservation.

The proposal lacks other sensible measures that would promote conservation and renewable energy. It does not include any requirements to raise vehicle fuel efficiency,

even though cars and trucks account for 40 percent of oil consumption in this country, and their average fuel economy is near a two-decade low. It also left out a Senate provision to require electricity producers to increase their use of renewable-energy sources.

The energy proposal does not call for drilling in the Arctic National Wildlife Refuge or an inventory of natural gas and oil supplies that would have threatened areas off Florida's coast now off-limits to drilling. But there are plenty of other objectionable provisions.

Among the worst is one that would give substantial immunity from lawsuits to manufacturers of MTBE, a gasoline additive that has contaminated groundwater supplies around the country. House Majority Leader Tom DeLay of Texas and lead House negotiator Billy Tauzin of Louisiana, who have MTBE manufacturers in their states, both pushed for this provision. The immunity, retroactive to Sept. 5, would mean cities and towns now facing huge clean-up costs from MTBE contamination would not be able to sue manufacturers to recover those costs. Taxpayers would be stuck with the bill.

There are modest provisions in the energy proposal to improve reliability in the transmission of electricity and reduce the chances of massive regional blackouts such as the one that struck eight states and Canada in August. If Congress really wants to deal with this issue, it can pass separate legislation. It doesn't need to give away the store to special interests in the process.

November 18, 2003

The Philadelphia Inquirer

The Energy Bill Lobbyists gone wild

You can say this for the 2003 energy bill: It has a certain symmetry. From its inception with a vice presidential task force to its finish in a committee back room, it has been negotiated in secret and shepherded by industry.

After 71 days of closed-door haggling, Republican leaders gleefully announced a deal Friday. They gave Democrats 48 whole hours to study this phone-book-sized bill before House and Senate votes this week.

The bill is thought to include \$23 billion in tax incentives, but nobody's really sure. The Congressional Budget Office won't finish its assessment until today. That estimate is substantially more than the \$8 billion the Bush administration said this deficit-plagued nation could afford.

But why linger over details? The Republican leadership is determined to get this thing passed. After all, there's something for everyone here. Everyone, that is, with enough dough to finance a lobbyist's next pair of Guccis.

Senate Energy Committee Chairman Pete Domenici (R., N.M.) brags about the jobs this bill will create in the oil, coal, mining and nuclear industries.

Sen. Tom Daschle (D., S.D.) likes the way the bill doubles as a farm subsidy, upping the production of corn-based ethanol, a fuel additive.

Makers of MTBE, an additive that makes gasoline burn cleaner but taints public water supplies, would benefit from a ban on product-liability lawsuits.

Many individual states got sweetheart deals - clean-coal research projects, nuclear plants, seashore cleanup - whatever little perk could help buy a vote.

Pork and pollution, what more could you want? As Sen. John McCain (R., Ariz.) says, it's the "leave no lobbyist behind" bill.

Unless, of course, you lobby for clean air, renewable energy, or electrical transmission reform. If so, you were left in the dust.

Provisions in the bill directly undermine enforcement of the Clean Air Act, Clean Water Act, National Environmental Policy Act, and Safe Drinking Water Act.

While the bill drops the bad idea of drilling for oil in the Arctic National Wildlife Refuge, it invites exploration in other sensitive public lands.

Simply put, if this bill passes, our air, water and land will be dirtier. But, amazingly, little will have been done to reduce reliance on foreign oil or to prevent the next major blackout.

Though last summer's blackout provided the political juice to revive the energy bill, this proposal takes baby steps at best. Powerful Southern and Northwestern interests beat out the Midwest and Northeast. They delayed until 2007 the major change recommended by the Federal Energy Regulatory Commission to bolster the nation's power transmission system.

Last week, Sen. Arlen Specter (R., Pa.) told the conference committee he objected to parts of the bill, including its failure to stress renewable energy, require oil conservation, and adhere to the Clean Air Act. He and other moderates need to vote that wisdom and defeat this bill.

"I don't know that you could have squeezed any more into this bill," Rep. W.J. "Billy" Tauzin (R., La.) says.

So true, congressman, if you saw the whole point as doling out special breaks for special interests.

But what most Americans were looking for was an energy bill that protected their interests as consumers, citizens and potential victims of pollution. Instead, they got this unbalanced, shameful mess.

The Providence Journal

Energy gridlock

In the wake of the big August blackout, there was a great blustering in Washington about how the power-transmission grid was in major need of improvement. Most agreed that something should be done to prevent another blackout. And soon.

But, in typical Washington fashion, nothing has been done. Discussions over how to fix the power grid have devolved into gridlock over who will pay for the long-overdue upgrades, and the omnibus energy bill that was supposed to work toward solving the problem has devolved into the kind of farcical oil-, gas-and nuclear-industry grab bag that gives politics a bad name.

Details are still being haggled over in conference committee, but somehow projects like opening the Alaska Arctic National Wildlife Refuge to oil drilling, limiting liability for MTBE manufacturers, and extending costly taxpayer insurance subsidies for the nuclear industry (among countless other energy-industry favors) have taken priority over fixing the grid.

This is not just a shame; it is a potential crisis. The August blackout left virtually 50 million people without power, some for several days. It threatened potable water supplies. Had it occurred in winter, it could have been far worse. In an age of terrorism, it highlighted a terrible weakness in our national infrastructure.

According to the North American Electric Reliability Council, an industry group that monitors transmission, "the grid is now being used in ways for which it was not designed," and "systems are being run 'closer to the limit' than ever before."

The simple problem is that the transmission lines were built in an era of local utilities, when

energy was generated relatively close to the delivery point. But with deregulation ushered in by the 1992 Energy Policy Act, new independent generators started to put more energy on the grid than ever before.

The vertical monopolies of local utilities were broken up, and deregulated energy was free to flow across cities and states – wherever supply met demand. The only problem was that nobody wanted to pay to upgrade the transmission lines, now seeing far more action. The utilities that owned the lines didn't want to pay because it wasn't to their benefit anymore, since now they had to open the lines to competition. And independent generators didn't want to pay because the lines weren't theirs.

Only now are we beginning to see the dangerous consequences of increased grid usage and deferred grid maintenance. Yet the battle over who pays for the upgrades (independent generators? local utilities? consumers?) is still keeping Congress from reaching even simple solutions, such as mandatory, enforceable electric-reliability standards and better training for electric-utility workers.

It is worth considering whether it's time to move away from a national energy market and return to a more tightly regulated system of local generation. Not only would this put far less stress on the grid; it would also reduce the likelihood of another major blackout, by reducing the interconnectedness of the grid.

Unfortunately, Congress seems intent on passing a bill that does nothing to make our energy supply cleaner, safer or more affordable, and certainly does nothing to prevent a major power failure. We hope that it won't take another huge blackout for Congress to see the light.

THE NEWS & OBSERVER

Drilling delayed

Credit North Carolina's Senator Dole for pushing to remove from an energy bill in Congress a provision to study oil and natural gas reserves off the North Carolina coast. Though in opposing the exploration the senator went against some in her own party, she did the right thing for the state. The provision was taken out of the latest version of the bill.

Environmentalists have argued, not unreasonably, that even a study of the reserves could have presented some threats to fragile plants and animals in coastal areas. Such a study would also represent an obvious "foot in the door" for those who seek more domestic

sources for the petroleum fuels upon which the nation is so dependent.

Said Dole: "...Now, more than ever, we must work to end our dependence on foreign oil sources -- but not at the expense of our coastal environments and economies." Dole also believed the action, if it ultimately led to drilling, could have killed or at least plucked a bit the golden goose of tourism.

In short, the attempt to explore drilling was worth neither the immediate risk to the environment nor the more serious risk of what such an effort might have led to. Senator Dole argued forcefully against the provision in debate, and followed through when it counted.

November 18, 2003

SAINT PAUL

PIONEER PRESS

Energy bill lavishes billions to drill, spew, pollute

The best to be said about the federal energy bill is that it could be worse. It could but does not include opening the Arctic National Wildlife Refuge to oil drilling. The energy bill does not include a direct loan, but rather an \$800 million loan guarantee to the questionable coal-gasification power plant in Hoyt Lakes, Minn. Most exasperating from a public policy perspective, this wildly expensive bill does not offer a vision of national energy security that takes on the need for conservation and promotes clean renewable sources more than fossil and nuclear sources.

It does offer classic studies in pork politics, the unabashed exercise of administration clout on behalf of fossil fuel industries and the proclivity of congressional leadership and the White House to do big deals in secret.

More than two years after President Bush came to St. Paul to present his vision of rewards for expanding the domestic fossil fuels industry, relaxing consideration of pollution's effects and giving nuclear power a second wind, the final bill has emerged as all that and more. Much more. Billions of dollar more in subsidies, tax breaks, loan provisions, pollution forgiveness and very local giveaways for individual lawmakers — such as the Hoyt Lakes loan guarantee that Sen. Norm Coleman got in negotiations.

The other goodies, from Minnesota and

Midwest perspectives, include doubling the use of ethanol nationally over 10 years, renewal of the tax credit for wind farms and a new tax break for biodiesel fuel. The bill includes loan guarantees for a natural gas pipeline from Alaska's North Shore to Chicago, which would bring more gas to the Midwest, perhaps easing price pressures in a few years.

The bill is so complex that it didn't have a complete price tag before the House began consideration Monday. But it will amount to billions in subsidies and outright giveaways at a time when deficits are already exploding.

The expensive irony at work in this legislation, of course, is Republican abandonment of the notion that market forces should be trusted. The energy bill is a riot of subsidies for favored industries. The attempt to get votes from Democrats and members from states where renewables are important socially or economically has helped hedge the dangerous bets on coal, oil, gas and nuclear power as a long-range insurance plan for energy security.

The something-for-everyone buzz surrounding this bill makes it hard for lawmakers of any stripe to vote against the conference package, now on a fast track for final passage. But voting against it would be an act of courage.