

**ONE-PAGE SUMMARY:
FLAWS OF THE “ELECTRICITY EMERGENCY RELIEF ACT”**

The “Electricity Emergency Relief Act” being drafted by Rep. Joe Barton is intended to help California address the current electricity crisis. Unfortunately, the legislation, if enacted, would exacerbate California’s problems by increasing energy costs, undermining state efforts to respond to the electricity crisis, and weakening important environmental protections.

The bill fails to address runaway wholesale electricity prices. The single most important federal action is the immediate imposition of cost-of-service based wholesale rates, because only the federal government has jurisdiction to protect California consumers from gouging by out-of-state energy producers. Unfortunately, the legislation contains no provisions that would curb the exorbitant energy prices California is being charged by out-of-state energy producers.

The bill interferes with California’s actions to address the electricity crisis. Numerous provisions in the bill impede California’s efforts to protect consumers. The bill would suspend existing long-term contracts for electricity produced through two important energy sources (cogeneration and renewables), thereby increasing California’s dependence on the volatile spot market. The bill would inhibit the state’s ability to acquire and operate transmission lines in California by requiring the state to obtain FERC approval for every decision relating to the transmission lines. And the bill would create a new FERC-controlled market for avoided energy consumption that would conflict with California’s innovative demand-reduction programs and create extensive new opportunities for gaming.

The bill also undermines the ability of the Energy Secretary to order emergency sales of power and interferes with other California efforts to reform the electricity market.

The bill creates loopholes in the nation’s environmental laws. The bill opens up every national park and wilderness area in the United States to the construction of new power lines. At the same time, the bill allows states to waive federal environmental requirements applicable to hydropower projects, including the protections of the Endangered Species Act.

The bill also authorizes extensive waivers of Clean Air Act requirements for electricity generation. These waivers go far beyond the reasonable steps California has taken to ensure that clean air requirements do not interfere with energy generation.

The bill fails to adequately address conservation. Although extensive energy conservation must be a cornerstone of any effective response to California’s energy crisis, the bill contains only weak conservation provisions. For example, the bill directs federal facilities to reduce energy consumption by only 10%, even though state-owned facilities in California have already conserved twice this amount.