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CREATOR: Kenneth Peel [REDACTED] (Kenneth Peel [REDACTED] [UNKNOWN

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SUBJECT:: Fwd: CEI Op-Ed on the Bingaman renewable portfolio standard

TO: Kenneth L. Peel (CN=Kenneth L. Peel/OU=CEQ/O=EOP@EOP [CEQ])
READ: UNKNOWN

TEXT:

--- Marlo Lewis [REDACTED] wrote:

> Subject: CEI Op-Ed on the Bingaman renewable portfolio standard
> Date: Mon, 28 Jul 2003 11:40:31 -0400
> From: "Marlo Lewis" [REDACTED] (b)(6)
> To: "Marlo Lewis" [REDACTED] (b)(6)

> The Senate energy debate began a little less than an hour ago. Here's
> what I had to say about it in today's NRO.

> <http://www.nationalreview.com/comment/comment-lewis072803.asp>

> Killing Energy
> Beware the "Soft Kyoto" strategy.

> By Marlo Lewis Jr.

> The Senate this week will vote on amendments to its version of the 2003
> energy bill (S. 14). Senators John Kerry (D., Mass.), Joe Lieberman (D.,
> Conn.), Jim Jeffords (I., Vt.), and John McCain (R., Ariz.) will likely
> try to amend the bill into a vehicle for Kyoto-inspired anti-energy
> policies. McCain and Lieberman, for example, may attempt to attach their
> "Climate Stewardship Act," which would require U.S. firms to reduce
> emissions of carbon dioxide, the inescapable byproduct of the
> hydrocarbon fuels - coal, oil, and natural gas - that supply 70 percent
> of U.S. electricity and 84 percent of all U.S. energy.

> President Bush opposes the Kyoto Protocol and McCain-Lieberman. However,
> the White House wants an energy bill - any energy bill. That puts
> pressure on Republicans to make compromises they may later regret.

> Energy, as the late Julian Simon observed, is the "master resource."
> Energy enables mankind to transform all other resources into goods and
> services, and it empowers people to move themselves, commerce, and
> information across distances great and small. That is why long-term
> declines in energy costs are essential to economic progress. It is also
> why Republicans, who claim to be the party of growth, have the most to
> lose politically under a Kyoto-style regime.

> Perhaps the most seductive compromise on the table is Senator Jeff
> Bingaman's (D., N.M.) amendment to establish a nationwide
> "renewable-portfolio standard" (RPS). An RPS is a regulatory scheme that
> requires utilities to generate a specified percentage of electricity
> from wind, solar, and other politically correct technologies.

- >
- > Bingaman's amendment is a "soft Kyoto" strategy. It would not establish
- > an outright cap on carbon emissions, as would McCain-Lieberman. However,
- > an RPS functions much like a cap - it restricts utilities' access to the
- > most economical fuels, inflating consumer electricity costs. The main
- > difference is that a cap is more flexible - it lets utilities choose how
- > to reduce emissions. An RPS is the most prescriptive and thus
- > potentially the most expensive emission-reduction program.
- >
- > Bingaman's RPS starts out modestly, as befits a "soft Kyoto" strategy.
- > It would require 2.5 percent of electricity to come from renewables
- > during 2008-2011, rising incrementally to 10 percent in 2020-2030. But
- > Republicans are fooling themselves if they think the costs will be
- > modest or come due only after they have left office.
- >
- > Three points should be kept in mind. First, if electricity production
- > from renewables made economic sense, government would not need to
- > mandate it. Wind, solar, and geothermal technologies have such high
- > capital costs and produce so little power that it is almost always
- > cheaper to build new natural gas plants or increase generation from
- > existing coal and nuclear plants. That is why, despite two-plus decades
- > of multi-billion-dollar taxpayer and ratepayer subsidies, and numerous
- > state RPS programs, non-hydroelectric renewables generate only 2.1
- > percent of total U.S. electric power.
- >
- > Second, an RPS is fundamentally a set-aside program - a
- > corporate-welfare entitlement for industries that would not exist in a
- > free market. Whatever level it is initially set at, the RPS will
- > function as a floor, not a ceiling. Once enacted, it will strengthen the
- > renewable-energy lobby and grow like other entitlements. The potential
- > to exploit consumers, distort energy markets, and undermine productivity
- > is vast.
- >
- > Recall that in March 2002, Kerry, Lieberman, and 27 other senators voted
- > for a 20-percent RPS - twice the size of Bingaman's. Enacting Bingaman's
- > amendment will only encourage those worthies to keep pushing, year after
- > year, until Congress ratchets up the RPS to 20 percent or higher.
- >
- > Consider also that, once the nation's power sector is subject to an RPS,
- > many utilities will see little point in resisting Kyoto or
- > McCain-Lieberman, since they will already effectively comply with a
- > carbon cap. Indeed, some may even lobby for McCain-Lieberman,
- > calculating that their renewable portfolios will make them net sellers
- > of carbon credits under a cap-and-trade program. Enacting an RPS will
- > simply tee up McCain-Lieberman for the next round.
- >
- > Third, a national RPS will function as a tool of regional economic
- > warfare. It is hardly coincidental that the Senate's leading RPS
- > proponents typically come from states - California, Washington,
- > Connecticut, Illinois, Maine, Maryland, Massachusetts, New Jersey, New
- > York, Rhode Island, Vermont - that heavily subsidize or mandate
- > renewable generation. Having spent millions propping up uncompetitive
- > power production, they want to inflict the same disadvantage on
- > out-of-state rivals. Bingaman's home state of New Mexico, for example,
- > has a ten percent RPS - exactly the burden his amendment would impose on
- > the nation.
- >
- > So don't be fooled by RPS advocates' greener-than-thou rhetoric. The
- > basic purpose of a federal RPS is to rig the nation's electricity
- > marketplace. States with heavy investment in uneconomic renewables will

- > be able to turn their liabilities into assets. They will expand market
- > share at the expense of states with more consumer-friendly electricity
- > policies. That is wrong. Consumers in states without RPS programs should
- > not have to pay for New Mexico's folly.
- >
- > A nationwide RPS is a scheme so fraught with cost and peril that friends
- > of affordable energy should consider it a deal breaker. Better no energy
- > bill than a bill with a renewable-portfolio standard.
- >

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