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CREATOR:Debbie S. Fiddelke (CN=Debbie S. Fiddelke/OU=CEQ/O=EOP [CEQ])

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TO:Bryan J. Hannegan (CN=Bryan J. Hannegan/OU=CEQ/O=EOP@EOP [CEQ])

READ:UNKNOWN

TEXT:

----- Original Message -----

From:mlewis@cei.org

To:mlewis@cei.org

Cc:

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Subject: CEI Talking Points on Climate-Related Amendments to the Senate Energy Bill

As the Senate inches towards debating some of these amendments, here are a few brief Talking Points on Some of the Climate-Related Amendments to the Senate Energy Bill.

Prepared by Myron Ebell,

director of global warming policy

Competitive Enterprise Institute

(202) 331-2256.

(Yes, I know that it can all be fixed in conference, but not even Tom DeLay and the House Republicans can be expected to fix everything. Moreover, my experience is that for our side most things usually get worse in conference, especially wasting money. It is also not helpful that the Bush Administration has already signaled that the President will sign any energy bill, even one that is really an anti-energy bill.)

Lieberman-McCain amendment to regulate CO2 emissions

1. The cost to consumers of the Lieberman-McCain bill, S. 139, to regulate CO2 emissions is so enormous that they plan to offer just a piece of it, which they misleadingly claim is cheaper. Taking the first step to regulate CO2 emissions is pointless if you do not take the later steps. Therefore, the full cost of reducing emissions to 60% to 80% below 1990 levels, which is the stated goal of Kyoto supporters, must be considered at the outset.

2. The first step is the cheapest as the "low-hanging fruit" is picked. As Japan and some European countries are finding out as they begin to implement the Kyoto Protocol, even the first step is too expensive.

3. A cap-and-trade scheme to ration energy is much less efficient economically than a tax. Although McCain led the fight against the BTU tax in 1993, he should be proposing a tax on fossil fuels now instead of

the much less cost-effective cap-and-trade.

4. The Kyoto approach of rationing energy is a dead end. It cannot work because the costs are so much larger than any possible potential benefits. If global warming does turn out to be a problem (and most research over the past decade suggests that it will not be), then the only solution is the one laid out by President Bush--long-term technological transformation. An added benefit is that, while the Kyoto approach would stifle growth in poor countries, transforming technologies will help poor countries to develop.

5. There is a simple way to achieve the Lieberman-McCain emissions targets--it's called prolonged economic recession. The collapse of U. S. manufacturing and loss of 2 million jobs has been the main reason that emissions from the industrial sector have already dropped back to 1990 levels (accordint to recent EIA data). Lieberman-McCain will help keep the recession going indefinitely.

6. Lieberman-McCain is the fulfilment of Enron's scheme to make money by rationing energy. It's too bad that they aren't around to see it.

10% Renewable Portfolio Standard

1. Renewable energy already receives large subsidies. For example wind power, which is probably the closest to being competitive with conventional sources, gets a 1.7 cents per kilowatt hour federal subsidy plus several other subsidies. If you favor a mandate, then vote for ending all subsidies.

2. This is really regional economic warfare because some States can meet an RPS much more cheaply than others. States that have already enacted mandates now want to force higher electricity prices on States that have not been so foolish.

3. If the price of natural gas stays high, then renewable power sources look more attractive and should not need subsidies or mandates.

4. If you like the higher electricity prices that are being approved around the country because of higher natural gas prices, then you should favor the RPS. The proponents of renewables have been saying since the 1970s that renewables are the energy of the future and that just a few more years of subsidies will make them competitive. It hasn't happened yet and is not likely to happen anytime soon. The RPS is not about moving the economy into the future. It is about raising consumer electricity prices and making all of us, especially poor people (who already spend a large share of their income for energy), poorer.

5. An amendment will be offered by leading supporters of the RPS to allow local and State governments to block windmills under federal permits. This will allow owners of high-priced views to block windmills, such as the proposed Cape Wind Farm project off Cape Cod. Nothing like having it both ways.

Bingaman draft climate title

1. Senator Bingaman has weakened or removed a few of the worst provisions

of Titles X, XI, and XIII from Daschle's energy bill from last year. But he has more than made up for it with changes to the Corzine-Brownback registries of greenhouse gas emissions and of emissions reductions.

2. The Bingaman title would require that the design and management of the two registries be contracted to a not-for-profit entity. Some names that come to mind are NRDC, ED, WRI, Pew Center, and Mrs. John Kerry's Heinz Center (too bad Enron's Ken Lay is no longer on the board to help secure this contract). Many of these groups receive substantial contributions from some of the businesses they would be regulating. This is so outrageous that I don't think any further comment is needed.

3. The job of monitoring and certifying emissions reductions would also be contracted out to not-for-profit entities. Again, outrageous and probably unconstitutional.

4. The title would allow the president pick the lead agency, so that the registry could in future be moved from DOE to EPA.

5. Registering emissions reductions will build a big business lobby for energy rationing because the reductions will only have value under a cap-and-trade scheme.

6. There is no reason to create the regulatory infrastructure needed to regulate CO2 emissions unless the Congress intends to regulate CO2 emissions in the near future. To vote for this title is really to say that you support energy rationing.