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Generation Gap

The Kerry-Lieberman energy bill would enervate America.

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A year ago the Waxman-Markey energy regulation bill passed the House. Now before the Senate is the Kerry-Lieberman energy regulation bill, which includes many of the same damaging provisions--government control of many aspects of energy generation, distribution and prices.

The debate on this bill is of course colored and influenced by the Deepwater Horizon drilling rig explosion, fire and collapse in the Gulf of Mexico on April 20.

In response, the federal government has suspended drilling deeper than 500 feet in the Gulf for six months, suspended exploratory drilling off Alaska's coast and canceled oil leases off the coast of Virginia and in the Gulf--significant decisions that will reduce our oil supplies in the years ahead. All work has been suspended on 33 previously inspected and approved Gulf deepwater drilling rigs. Gov. Bobby Jindal of Louisiana reports that will mean 3,000 to 6,000 immediate job losses and perhaps 10,000 more in the months ahead.

As noted in The Wall Street Journal earlier this month, beyond jobs there will be significant economic consequences from the shutdowns. According to the Louisiana Mid-Continent Oil and Gas Association, 1,400

jobs will be lost for each platform shut down, for a total of some \$330 million a month in lost wages.

So with this current catastrophe influencing our energy policies, where is America going? The Kerry-Lieberman bill is a bit less bad than the Waxman-Markey legislation, but only a bit.

First, it would provide loan guarantees and encourages a speedier licensing process for new nuclear plants, one of the safest and best electricity generation options we have. America has 104 such plants today and needs to build many more to reduce pollution.

Second, it would support carbon capture in coal plants by providing \$2 billion of research funding for clean coal, which--if it works--might help reduce domestic pollution at some point in the future.

Third, before the Gulf explosion, it would have significantly encouraged offshore drilling (Waxman-Markey never mentioned offshore drilling). But it has now been amended to give Atlantic and Pacific coastal states a veto over any offshore drilling plans that officials believe might cause environmental or economic harm.

And still tucked away in the bill is a protectionist measure that Sen. John Kerry's summary calls a "border adjustment mechanism." It would apply if "no global agreement on climate change is reached." In that case, there would be U.S. taxes on goods imported from countries "that have not taken action to limit emissions." The same bad idea is in the Waxman-Markey bill.

The Kerry-Lieberman bill also includes a national cap-and-trade system similar to Waxman-Markey's. Electricity generation utilities would have a limited allotment of greenhouse gas emissions, and there would be penalties for heavy-polluting industries. It may be a bit better than the House bill, but either version would add huge new bureaucracies and huge new regulations of energy.

Poor understanding of energy extends to the other end of Pennsylvania Avenue as well. President Obama said in his White House address last week that "part of the reason the oil companies are drilling a mile beneath the surface of the ocean" is "because we're running out of places to drill on land and in shallow water."

We are not running out of oil in such places at all. The policy of the federal government has simply been, as Charles Krauthammer wrote last week, not to drill in them.

The policy has applied to Alaska, such as in the National Petroleum Reserve's 23 million acres, once approved for drilling but effectively limited by the Federal government. The Pacific Ocean has oil, and some California drilling is allowed, but expansion of it has been limited for more than three decades. East Coast drilling has been limited as well, and completely banned in many areas, even though the Obama administration wanted to open up some areas before the Gulf explosion.

What all of this says is that if we want to expand our domestic oil production--so that we do not have to increase the current 67% of our oil we import from abroad--we need several policy changes:

- Where drilling is safer--on land, including the Alaska National Wildlife Refuge, or closer to shore, end restrictions on oil and gas production.
- Drop the Kerry-Lieberman and Waxman-Markey's senseless ideas to control the production, prices and availability of the energy Americans need and use.

Such policies would give America a greater energy supply, for we have a good track record in coming up with safer, cleaner and better quantities of energy that would help grow and improve our economy.