

# EXEC REPORT

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**EDITOR'S NOTE: The following analysis of the latest "energy" bill was written by Alliance President Alex Mills. It will run in about a dozen newspapers in Texas. If you would like more information about this bill, go to <http://kerry.senate.gov> and click on American Power Act.**

Our political leaders in Washington must think the American public is dumber than a load of bricks. Once again, they have come up with a scheme to tax our energy usage in the name of "saving the planet."

Those great energy experts – Senators Kerry of Massachusetts and Lieberman of Connecticut – introduced a bill on May 12 that will increase the cost of energy to everyone in America, create more big government run programs and redistribute wealth from energy producing states to energy consuming states.

It creates a complicated, international-trading system for emission allowances. Even though the 987-page bill doesn't mention "cap and trade," the program outlined sure looks like the trading and taxing programs passed by the House. Kerry and Lieberman use such terms as "greenhouse gas pollution reduction" and "investment program." But if it looks like a duck and walks like a duck and quacks like a duck, you know it's a duck even if Washington tries to convince us otherwise.

Kerry and Lieberman set out to correct a problem – global warming – by reducing greenhouse gases allegedly created through the burning of fossil fuels in the United States. Their bill sets the same goals of carbon dioxide reduction as the House bill, i.e. 17 percent reduction by 2020 from 2005 levels. To reach these reduction goals, an emission allowance trading system will be implement for utilities in 2013 and factories and other industrial energy users would come under the program in 2016. Even though utilities and factories would receive free allowances initially, they would be required to participate in the buying and selling scheme later. Oil refineries must purchase allowances from the federal government. Also, the government would set the price of the allowances by establishing a high and low trading price. It is so complicated with provisions dealing with offsets, international trading, and penalties for cheaters that it takes over 300 pages to describe the trading mechanism.

Cap-and-trade legislation has failed at least three times in the Senate, because the economy is in bad condition and cap-and-trade legislation would damage it further by raising the price of fossil fuels. Now, Kerry and Lieberman want to cause further harm with additional regulations that will create more volatility in energy prices and allow more opportunity for abuses in trading of something that does not exist. Europe has established a trading system, and already "as much as 90 percent of Europe's carbon trades were the result of fraudulent activity," according to a story in *Investor's Business Daily* on May 7.

Also, revelations that some scientists, who believe that human activity has caused the Earth's temperature to rise, have massaged the data, tried to discredit scientists with opposing views and tried to limit the debate.

The bill does other things, too.

It provides for an expedited procedure for issuing combined construction and operating licenses for qualified new nuclear reactors. It establishes a \$54 billion loan guarantee retention fee for the construction of nuclear power plants, and reduces the accelerated depreciation period to five years and provides a 10 percent credit on construction costs.

The bill authorizes revenue sharing with states that previously were withdrawn from offshore leasing exploration.

Natural gas vehicles – with a weight greater the 8,500 pounds – could be eligible for the alternative fuel credit.

It also deals with carbon capture and sequestration technologies, and establishes operating standards for coal-fired plants constructed after 2009.

Obviously, "renewable energy" gets a big handout. The bill directs states and metropolitan organization to address transportation-related emissions and even consider such things as refueling locations for electric vehicles.

And, in an attempt to buy off consumer support, the Kerry-Lieberman bill has a section on "consumer relief" where "working families" can apply for refunds on energy costs.

There is a lot of "goodies" for a lot of people. Some have bought into the big-government, big-pork scheme. However, the chance of passage of this costly piece of legislation during these tough economic times will be very difficult.