

Texas Alliance of Energy Producers

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Kerry-Lieberman Bill Will Raise Energy Costs

NOTE: The following statement is from the Texas Alliance of Energy Producers, which is the largest state oil and gas association in the nation with 3,349 members.

The bill introduced by Senators John Kerry and Joseph Lieberman on May 12 will increase the cost of energy to all Americans at a time when nation can ill afford further damage to the economy.

The legislation, called the American Power Act, will create more big government 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 last summer.

The 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 more than 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.

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For additional information, call Alliance President Alex Mills at 800-299-2998.