

Renewable Energy in EPAct: Business as Usual = Failure

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Criteria for Assessment

- Marginal increase in renewable energy use
- OR
- Address nation's energy, environmental and national security needs through fundamental shift in renewable energy capabilities and use

Need Significant Changes, Not Business as Usual

- EIA projects 50% increase in winter natural gas expenditures

- “It is imperative that the nation’s energy policy address the national security and economic impacts of growing oil dependence.”
 - Hon. R. James Woolsey, Hon. Robert C. McFarlane, Frank Gaffney, Admiral James D. Watkins

- “Stunning reduction” in arctic sea ice for fourth straight year
 - 2005 ice cover lowest in 100 years
 - NSIDC, NASA, and Univ. of Washington

- 2005 projected to be hottest year on record
 - NASA’s Goddard Institute for Space Studies

Tilted Playing Field Prior to EPAct

- Federal energy R&D spending FY1948-FY1998 (CRS):
 - \$74 billion / 56% -- nuclear
 - \$30.9 billion / 24% -- fossil
 - \$14.6 billion / 11% -- renewables
- Conventional outweighed renewables 7:1

- Snapshot of 5 year window of tax breaks in 2003:
 - \$10.2 billion / -- fossil
 - \$1.5 billion / -- nuclear
 - \$0.4 billion / -- renewables
- Conventional outweighed renewables 29:1

EPAct Exacerbates Imbalance – Funding Favors Conventional Sources

- Tax breaks and direct spending 2005-2015:
 - \$7.6 billion – coal, oil & gas, nuclear
 - \$4.5 billion – renewables (some coal qualifies for some of this)

- Authorizations:
 - Roughly \$15 billion – coal, oil & gas, nuclear
 - Roughly \$9 billion – renewables

EPAct Exacerbates Imbalance – Inadequate Renewable Incentives

- ❑ Renewable fuels mandate, but . . .
- ❑ No renewable portfolio standard
- ❑ No net metering requirement (states must only consider)
- ❑ Non-binding government purchase requirements for renewable power and renewable fuels

EPAct Exacerbates Imbalance – Provisions Favor Conventional Energy

- Regulatory breaks for conventional sources
 - Clean Water Act, Safe Drinking Water Act loopholes
 - Relaxing NEPA, permit and leasing requirements

- Other incentives for conventional sources
 - Rights of way for pipelines
 - Royalties-in-kind

Assessment

- If criteria is enhancing use of renewables, EPAct makes little if any progress.
- If criteria is addressing nation's real energy, environmental, and national security needs through a fundamental shift in renewable energy capabilities and use, EPAct is a spectacular failure.

Prospects for Future – Natural Gas and RPS?

- EIA projects significantly higher average household heating expenditures this winter:
 - Natural gas -- \$350 (48%) average increase; 61% in midwest
 - Heating oil -- \$378 (32 %) increase

- EIA projects 10% RPS would save \$22 billion on natural gas and electricity expenditures, and would reduce natural gas prices by almost 7% in 2020.
 - Assumes unrealistically low natural gas prices of \$3.60 per tcf in 2010, less than half today's price.

- House leadership has not permitted a floor vote on RPS.

Prospects for Future – Clean Air Act Changes and Coal?

- Proposed changes to CAA advantage coal
 - Rep. Barton’s recent refineries bill eliminated “new source review” requirements for existing coal-fired power plants
 - Dropped from bill for now, but says plans to pursue
 - Administration’s bill to amend Clean Air Act

- EPA attempting to implement through regulatory changes and refusal to enforce