

SACE Position Statement on the New Energy Reform Act of 2008

As Proposed by the United States Senate's "Gang of 10" in August 2008

Southern Alliance for Clean Energy (SACE) recognizes that bipartisan cooperation is necessary in order to establish comprehensive energy policy that bolsters America's economy and protects our natural resources. The recent proposal offered by the "Gang of 10" Senators marks a step forward in bipartisan collaboration on energy policy, but it fails to offer the reform needed to create a substantial shift toward clean energy sources and true independence from fossil fuels. Although this proposal purportedly represents a "balanced" approach to energy policy, the New Energy Reform Act disproportionately supports the dirty fossil fuel energy sources that currently dominate our energy mix. At a time when our nation should prioritize energy conservation and clean, renewable sources of energy, this proposal reinforces our dependence on risky fossil fuel and nuclear energy sources. The Act falls far short of the policies we need to address high-energy prices in the near term while we plan for our future.

Several provisions under Title I ("Apollo Project" to Convert Cars and Trucks to Non-Oil Fuel Sources to Regain Energy Independence) and Title II (Enhanced Conservation and Efficiency) do offer some progress in transforming our automotive industry to one based on fuel-efficient vehicles that use alternative fuels. Yet these minimal provisions consist mainly of voluntary incentives and few compulsory and enforceable goals that would significantly reduce our nation's dependence on oil for transportation.

Title II, in particular, contains some positive and necessary incentives for energy efficiency, conservation, alternative fuel research, and some renewable energy technologies. The Act also acknowledges the need to expand our nation's clean energy workforce through worker training programs and new green collar jobs. However, this section excludes other broadly supported energy policies such as a national renewable energy standard (RES). A national renewable energy standard would stimulate the clean energy industry and provide countless new job opportunities while decreasing our dependence on fossil and nuclear-fuel-based electricity sources.

Furthermore, Title III (Increased Domestic Production) extends our dependence on fossil fuels with policies that fail to offer relief from high-energy prices. This section repeals the offshore drilling moratorium, provides billions of dollars in grants and loans for liquid coal, and writes a blank check for the nuclear power industry. These false and risky solutions undermine public and private investments in clean renewable energy, and they will perpetuate our dependence on limited and dirty fossil-fuel sources of energy.

First, lifting the moratorium on new oil and gas leases along the Outer Continental Shelf and in the Gulf of Mexico will do little to address gas prices now or in the foreseeable future. In June 2008, the majority staff of the U.S. House of Representatives Committee on Natural Resources released a

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special report, “The Truth About America’s Energy: Big Oil Stockpiles Supplies and Pockets Profits.” According to this analysis, the number of drilling permits issued between 1999-2007 increased 361 percent. However, during this time gas prices have also risen dramatically, demonstrating that more drilling does not lower gas prices. Moreover, data from the Energy Information Administration’s 2006 Annual Energy Outlook confirms that the offshore oilfields currently closed to drilling only contain two and a half years worth of oil supplies at our nation’s current rate of consumption. Committing ourselves to another generation of offshore drilling infrastructure will distract us from making needed investments in clean energy and efficiency.

Next, this proposal would take us backward in crafting energy policy by offering billions of dollars in grants and loans for coal-to-liquid plants. Though the Act properly limits these funds to facilities with carbon capture technology and lifecycle greenhouse gas emissions comparable to conventional petroleum fuels, energy policy of this nature still commits us to several decades of increased dependence on dirty coal. As we search for cleaner and more cost-effective alternatives, it is foolhardy to invest billions of dollars in a fuel source that, at best, is no cleaner than conventional petroleum and does not help us transition away from fossil fuels. In testimony delivered before the Senate Energy and Natural Resources Committee on May 24, 2007, James Bartis of the Rand Corporation revealed that reducing coal-to-liquid emissions below those of conventional petroleum requires combining coal with biomass. Although we support the use of co-firing biomass with coal for electricity production, we should not use our sustainable biomass resources to offset liquid coal’s greenhouse gas emissions and enable the development of coal-to-liquid facilities.

Finally, Title III extends tremendous financial assistance to the already well-subsidized nuclear industry. The proposal dedicates funding for researching and developing a costly and polluting spent-fuel reprocessing program and offers loan guarantees to be shouldered by taxpayers for new nuclear plants up to 80 percent of the total project cost. The fact that a long-established industry continues to require exorbitant financial assurance from the federal government underscores these provisions as a poor and risky investment. Aside from financial considerations, new nuclear facilities would require an injudicious use of our nation’s limited water resources. Nuclear is also a risky energy choice for America at home and abroad due to the national security implications. As we cannot confidently and safely export nuclear technology to many other countries, this energy choice does not help America assert its position as a global leader in a new, clean energy future.

In conclusion, although the Act contains some limited provisions to support clean energy, it is overloaded with gratuitous support for fossil-fuel and nuclear energy that mires this proposal in the old and failed energy policies of the past. This biased proposal overwhelmingly supports high-risk energy choices that would ultimately undermine true attempts to address America’s energy problems. As our leaders continue to discuss how to confront our energy challenges, we encourage them to promote a truly new and reformed energy policy that clearly moves our nation forward.

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