

Increase Access to Energy

Economic prosperity and our standard of living depend on affordable energy. Yet since the 1970s, successive Congresses have largely pursued anti-energy policies to constrict energy supplies and raise energy prices. The 111th Congress should strike out in a new direction.

Mandates and subsidies for renewable, alternative, and conventional energy technologies have done far more harm than good. Tens of billions of taxpayer dollars have been wasted on subsidies, and subsidies and mandates together have provided a disincentive for alternative technologies to become competitive. It is unlikely, for example, that wind and solar power will ever become viable forms of energy production as long as they can count on continuing subsidies and mandates. Congress should:

Repeal all mandates and subsidies. The 2005 and 2007 ethanol mandates, coupled with the 51-cents-per-gallon refundable tax credit, have had particularly unfortunate indirect consequences. The exact contribution of the ethanol mandate to higher grain prices—and thereby to world hunger—is uncertain, but still real, and quite evident in food riots around the world. The ethanol mandates should be repealed immediately. All other mandates, subsidies, and incentives—including those for conventional energy—should also be repealed. The focus on subsidizing and mandating uncompetitive forms

of energy poses grave threats to our future electricity needs. Wind and solar power can at most provide only a fraction of additional electricity demand over the next decade.

Open the nation's infrastructure to private investment. In addition to repealing mandates, subsidies, and incentives for all types of energy production, Congress should remove regulatory obstacles that are preventing private investments in new energy infrastructure. A “smart grid” will never be built until Congress changes regulations so that investors have an opportunity—not a guarantee—to profit from the hundreds of billions of dollars of investments required.

Allow access to America's domestic energy resources. The 110th Congress let lapse the moratorium on oil and gas exploration in federal Outer Continental Shelf (OCS) areas that had been in place since 1982. President George W. Bush rescinded the executive order moratorium covering the same 85 percent of OCS areas surrounding the lower 48 states. The 111th Congress should push the new Obama administration to prepare OCS areas with high oil and gas potential for leasing by competitive bidding. Congress should also open the coastal plain of the Arctic National Wildlife Refuge to oil and gas exploration and production, and repeal many of the administrative withdrawals of federal lands from

energy production in the Rocky Mountains. Together, these actions will increase domestic oil and gas production, thereby creating hundreds of thousands of high-paying jobs, lowering the trade deficit by tens of billions of dollars annually, and contributing billions of dollars in royalty payments to the federal Treasury.

Enable technological innovation. The most effective way to increase energy efficiency is to replace existing technology with new technology. One of the reasons that greenhouse gas

emissions have been rising more slowly (in percentage terms) in the United States than in most European countries is more rapid technological turnover because of higher economic growth in the U.S. Congress can accelerate this trend by changing the tax code to allow immediate expensing of investment in new technology instead of according to a depreciation schedule over a number of years.

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