

FOX NEWS

Tuesday, August 23, 2005

Special Interest Fight Forces Out Key Energy Provision

By Kelley Beaucar Vlahos

WASHINGTON — *Editor's note: The following article is the second in a two-part series on the impact of the Energy Policy Act of 2005, signed into law earlier this month.*

President Bush signed a \$12.3 billion energy plan into law on Aug. 8 after four years in the making, but observers say a clash of special interests kept what many believed to be the most important provision — reducing the country's dependence on foreign oil — out of the final equation.

"There is no question, I think there should have been a lot more in this bill," said H. Sterling Burnett, an energy and environment expert with the National Center for Policy Analysis. Burnett said the package only "modestly" addresses new domestic energy sources and any potential benefit won't be realized for some time.

This happened, policy analysts say, because no agreement could be reached on how to reduce oil dependency and advocates on all sides wielded such a great deal of influence over the bill's crafters that they drowned each other out and left the matter unaddressed.

"We've gotten everything in it ... and we've got nothing to address our real energy issues," said Matthew Simmons, an energy-based investment banker in Houston.

He and Burnett said a plan to begin drilling in the Arctic National Wildlife Refuge in Alaska, which many developers say could significantly aid domestic oil supplies, was thwarted by the strong environmental lobby.

"They should be ashamed of themselves," Simmons said of opposition to drilling in ANWR. Proponents say they are hopeful that the ANWR measure will be attached to upcoming budget negotiations instead.

Drilling opponents complain that big energy lobbyists from the gas, coal, oil and electricity industries had more access to the legislative process and as a result, environment-friendly solutions for reducing energy dependence — like increasing fuel efficiency standards on cars and trucks and putting more research and development funding into alternative energy sources — were cut from the bill.

"We know the Bush energy plan was crafted behind closed doors by lobbyists for big gas and oil, and it makes us more dependent on foreign oil," said Toby Chaudhuri, a spokesman for the Apollo Alliance, a

coalition of labor, business, civil rights and environmental interests seeking better energy solutions.

"The bill the president signed leaves us ... more insecure," Chaudhuri added.

Both sides say they tried to sell the idea of greater energy independence on the basis that it would increase national security and stabilize the economy. Chaudhuri said Bush could have taken the country in that direction if he had likened the effort to a collective national objective, akin to the space race of the 1960s.

"It was a major failure of leadership," he said.

The goal of reducing the nation's foreign oil imports is a strong one that resonates well with the American public, energy analysts say. Polls show that many Americans think foreign entanglements in the Middle East, particularly the complex relationship with big oil producer Saudi Arabia, is driven by the U.S. need for Mideast oil.

In an Associated Press/Ipsos Public Opinion poll conducted the week the bill was signed,

30 percent of respondents also blamed oil companies for the high fuel prices that have dominated the summer. Twenty-two percent said foreign countries that own the reserves are to blame while 21 oil should be an important goal of U.S. energy policy, followed by 20 percent who said improving the fuel efficiency of vehicles is important and 19 percent who said keeping fuel prices low should be the priority.

The United States imports almost 60 percent of its oil from foreign countries, with the top five international sources in order being Mexico, Canada, Saudi Arabia, Venezuela and Nigeria, according to 2005 figures supplied by the Department of Energy's Energy Information Administration.

John Felmy, chief economist with the American Petroleum Institute, called the energy bill a "first step," but suggested that as hard as they lobbied for the ANWR drilling and removal of the moratorium on offshore drilling on the West and East coasts and parts of the Gulf Coast, the other side was just as convincing to lawmakers.

"It's a religious question — it's about people who are fundamentally opposed to drilling, anywhere," said Felmy. "They've already made up their minds on it. It simply wasn't doable in this bill."

He added, however, that some regulatory streamlining and some royalty and tax relief

percent blamed politicians. Of the 1,000 adults surveyed, 64 percent said the high prices will cause some sort of hardship on their family in the next six months.

included in the package is bound to spur production of domestic supplies in the long term. And supporters of new drilling are happy with the new money for surveying the outer continental shelf to assess possible oil and gas deposits offshore.

"That alone could be one of the most important things that we've done," said Simmons.

Asked why proponents of new drilling hadn't been more successful with the message that tied national security to the reduction of foreign oil dependence, experts suggested the bill long ago became a big pork barrel, and controversial issues like ANWR and fuel efficiency standards became impossible to sell to resistant lawmakers on both sides of the aisle.

Jan Mazurek, head of the Direct Energy and Environment Project at the Progressive Policy Institute, the policy arm of the Democratic Leadership Council, said her group opposes drilling in ANWR, but she was still surprised that congressional leaders were unable to incorporate more energy independence measures based on the national security arguments.

In a survey conducted by Peter Hart and Elizabeth Lowery for General Motors in June, 43 percent of respondents said that reducing dependence on foreign

"My colleagues and I are baffled as to with the war, and the body county rising by the day, we have not convinced elected officials and the American public that reducing our reliance on foreign oil is imperative, for a number of reasons. It makes us much more vulnerable economically to price increases, as well large-scale disruptions," Mazurek said.

Mazurek said the inclusion of consumer tax credits that reward homeowners for more fuel-efficient homes and the purchase of hybrid and fuel cell-powered vehicles, and provisions supporting the development of renewable energy sources like wind, biomass and landfill gas "is encouraging," but not enough.

Simmons noted that this was the first major piece of energy legislation in more than a decade, and was more about bringing together consensus on myriad, disparate interests than it was about selling one, unifying idea. Perhaps, he said, that will happen next time.

"We now have everything on the table and out of the way," he said. "It's a very important thing to get behind us. It can be very important if done right."