



JIM BUHRMASTER'S PLAN TO MEET THE ENERGY AND ENVIRONMENTAL CHALLENGE

Overview

The decisions we make today on energy policy will have lasting affects on our economy and our national security. Indeed, how we deal with energy and our environment will define our time.

For decades we have known that our energy needs would grow; greenhouse gas emissions endanger our environment; and that our massive dependence on foreign oil threatens the safety of every American. Yet when compared to the advancements we have made in other areas over the last forty years, our energy program is in the Dark Ages.

This has happened not because of a lack of ideas or creativity. It happened largely because of politicians in Washington, D.C. who don't want to make tough decisions. Just like many other critical issues, energy is a victim of partisan gridlock. It is also worth noting that we as citizens haven't been sufficiently motivated by this issue to demand that real solutions be found.

It is important to recognize that the price of a barrel of oil is greatly influenced by a variety of factors including:

- New demand from emerging economies, particularly China and India;
- Political instability in regions of the world besides the Middle East, like Nigeria and Venezuela;
- And, the steady erosion of the dollar.

This last cause deserves far more attention that it has been given. As the Federal Reserve has steadily lowered interest rates to deal with economic issues here at home, these policies have contributed significantly to an increase in commodity prices, especially for oil. In fact, had the dollar maintained its value relative to the euro since 2002, that \$130 barrel of oil would instead be in the range of \$75 to \$80. We all need to recognize that the Federal Reserve is in charge of monetary policy, and hopefully their policies will take cognizance of the impact a weak dollar is having on energy costs.

From a public policy standpoint, there is still much more for us to do. In the simplest of terms:

- Republicans need to get on board with the development of alternative energies;
- Democrats need to accept the fact that we must increase domestic oil exploration and production;
- And all Americans need to do more to conserve energy.

Traditional Energies

Alternative energies are going to play a major role in our efforts on energy independence and protecting the environment. Currently, however, an emergency situation has arisen, and due to technical and cost barriers, many alternatives are still years away from practical use. Regardless of our opinions of oil and other fossil fuels, we will remain reliant on them until we can make a cost-effective transition to better, cleaner alternatives.

For right now, to ensure adequate supply at a price consumers can afford, we must:

- Provide meaningful oversight to the commodity futures trading market and require commodities traders to have more financial skin in the game. Speculators are driving energy prices up, putting profits ahead of economic stability.
- Review the unreasonable restrictions against refinery construction and expansion. Obtaining a permit to construct a modern-day refinery that is more efficient, and impacts the environment far less than older facilities, is so difficult and costly that no new refineries have been built in this country since 1976.
- Allow for drilling on federal lands and offshore on the Atlantic Coast. We should also provide states with a process for lifting the federal moratorium on drilling.
- Repeal the one year moratorium on funding leases and sales for shale exploration in western states.
- Reduce costs to consumers by gradually eliminating over a three-year period the 51 cent per gallon subsidy on ethanol. We should also eliminate the 54 cent per gallon tariff on imported ethanol.

Lastly, as a state, New York's average retail price of electricity is third in the nation, just behind Hawaii and Connecticut. But in addition to concerns over the prices we're paying, there is also a very real concern over supply. In the next decade, we will need the equivalent of five new 500-megawatt generating plants to keep up with demand.

Unfortunately, only one new large-scale generating plant has been proposed in the entire state since 2003, when the state's Article X Power Plant Siting Law was allowed to expire. The Article X law was widely viewed as a success and the state Assembly's refusal to simply extend that law has greatly damaged the state's economy. State legislators and the governor need to work together to renew this law which allowed for a streamlined process to construct new power plants.

Employing Greenhouse Gas Reduction Technologies

Continuing to rely on fossil fuels brings with it a responsibility to cut back on Carbon Dioxide emissions to mitigate global warming. While the U.S. must take the lead, this is a global issue

that will require international cooperation. Any meaningful agreements or treaties on global warming must address increasing emissions from developing nations like India and China.

While many advocate discontinuing the use of coal altogether, from an international perspective, that is not realistic, nor is it possible. Coal remains abundant in supply here in the US, and currently generates forty percent of the world's electricity. Therefore, we need to make advancements in technologies that minimize emissions. These would include:

- Clean coal and carbon capture technology. Currently, there are plans underway to construct the world's first coal powered power plant with near zero-emissions. We must work beyond a prototype and construct these plants in multiple locations, particularly here in New York where electricity costs are so high.
- Coal to liquid technology has been in use since the 1920s and has been determined to be cost-effective as the price of oil is above \$40 per barrel.
- Development of a new, fourth generation of nuclear reactors that create more energy, are non-proliferation-proof, and produce less waste. Arguments from some to abandon nuclear power ignore the fact that New York State already produces approximately 25% of its electric generation from nuclear; and the entire nation of France is able to generate over 75% of their electricity needs from nuclear energy.

Alternative Technologies

To properly develop and employ alternative fuels, we must pinpoint those with the most potential for consumers. We have to make prudent, thoughtful investments in viable technologies that will have a meaningful place in addressing our energy needs.

Unfortunately, to the detriment of energy consumers and taxpayers across the country, Washington's policy has been to reward the producers that have the most political clout, not technologies that present the greatest potential. The result has been a wasteful squander on lavish subsidies for unreliable, unproven and uneconomical technologies.

One only has to look to the push for ethanol – which has obviously not reduced gas prices, but clearly resulted in dramatic increases in food prices – to find an example of Washington's lack of foresight on energy.

It is possible, however, to simultaneously move forward with the development of alternatives and eliminate billions of dollars that are spent on “green pork.”

- Provide tax credits and other incentives for the development and use of new energy technologies that are, or have the potential to be cheap, clean, reliable, and abundant.
- Priority status should be given to technologies that have the greatest opportunity to meet consumer needs based on scientific, economic and environmental guidelines that determine feasibility – not politics.

- Repeal taxes and regulations that impede the development of many new energy sources. The market can decide the feasibility of new energies, but only if they are not hampered by government meddling.
- Insure that revenues to federal and state governments generated by any cap and trade or emissions allowance system are used to reduce taxes paid by individuals and businesses. Otherwise these levies will become a massive drag on the economy, undermining job growth.
- Recognize that the Capital Region has a great economic stake in this question with Schenectady being headquarters for GE's wind turbine division and other companies exploring innovative technology in alternative energy and power transmission modernization.

Using these principles, every idea should be given consideration: solar, wind, hydropower, waste-to-energy, and tidal energy to name a few. Every possibility should be considered until it is found to be inefficient, unsafe, or too costly.

While the subsidies and shortcomings of corn-based ethanol should be of great concern to us all, biofuels have a place in our energy portfolio. Using non-food crops like switch grass instead of corn, we can create a reliable alternative without raising the price of food.

Lastly, it is time for us to embark on a serious course towards making hydrogen a practical alternative to oil for transportation. Some say it could be 20 years before hydrogen vehicles are in production, but if we bring together the best and the brightest, we can encourage the breakthrough technologies we need to make this happen earlier.

Efficiency and Conservation

Conservation and efficient use of energy is more than an act of virtue and does not mean drastic lifestyle changes. From economic, national security, and environmental viewpoints, conservation must be a critical part of our efforts moving forward. This is an essential step in cutting carbon emissions and reducing our reliance on traditional energy sources. Conservation is a no-cost step to reducing our reliance on foreign oil.

The government needs to redouble efforts on education and public awareness programs that encourage efficiency and conservation at all levels; at home, in the office, and in vehicles. We need to:

- Promote telecommuting, flexible start times, and carpooling.
- Encourage the use of efficient appliances and heating and cooling systems in new construction and remodeling.
- Employ innovative strategies such as recapture of industrial waste heat emissions which use heat as a means of producing energy.

Conclusion

Past generations of Americans have met great challenges and prevailed. For us, the challenge is energy. Everybody can do their part. As your congressman, Jim Buhrmaster will fight for workable, responsible policies that will reduce our reliance on foreign oil, help protect our environment, and ensure that Americans have reliable, affordable energy sources.