

## Week in News: July 6-July 12, 2009

### **Donald A. Goddard: Critics exaggerate danger of drilling**

Tallahassee Democrat, July 12, 2009;

<http://www.tallahassee.com/article/20090712/OPINION05/907120308/1006/OPINION>

### **Wind Projects at a Standstill**

Washington Post, July 11, 2009; <http://www.washingtonpost.com/wp-dyn/content/article/2009/07/11/AR2009071100148.html?hpid=moreheadlines>

### **Energy-climate overhaul an uphill battle in Congress**

Houston Chronicle, July 11, 2009; <http://www.chron.com/disp/story.mpl/business/6524623.html>

### **Changing of the guard**

Petroleum News, July 10, 2009; <http://www.petroleumnews.com/pntruncate/962356410.shtml>

### **Senate EPW panel won't take up climate bill until September – Boxer**

Greenwire, July 9, 2009; <http://www.eenews.net/Greenwire/2009/07/09/1/>

### **Ill Winds Blow for Clean Energy**

WSJ, July 9, 2009; <http://online.wsj.com/article/SB124710043333415571.html>

### **Sean Parnell calls resource development, jobs Alaska's top priorities**

Fairbanks Daily-Miner, July 9, 2009; <http://newsminer.com/news/2009/jul/09/sean-parnell-calls-resource-development-jobs-alaska/>

### **Rep. Waxman giving Senate room to work on climate change bill**

The Hill, July 8, 2009; <http://thehill.com/leading-the-news/rep.-waxman-giving--senate-room-to-work-on-climate-change-bill-2009-07-08.html>

### **Senators Extend Energy Bill Deadline to Sept. 28**

CQ Today, July 8, 2009;

[http://www.cq.com/document/display.do?dockey=/cqonline/prod/data/docs/html/news/111/news111-000003160927.html@allnews&metapub=CQ-NEWS&searchIndex=0&seqNum=3#keyword\\_1](http://www.cq.com/document/display.do?dockey=/cqonline/prod/data/docs/html/news/111/news111-000003160927.html@allnews&metapub=CQ-NEWS&searchIndex=0&seqNum=3#keyword_1)

### **Commerce Panel Modifies and Approves Coast Guard Reauthorization**

CQ, July 8, 2009; <http://www.cq.com/document/display.do?matchId=82546395>

### **So Much for 'Energy Independence'**

WSJ, July 7, 2009; <http://online.wsj.com/article/SB124693284425203789.html>

### **More American Energy, Especially in Alaska, Needed For Economy**

Human Events, July 7, 2009; <http://www.humanevents.com/article.php?id=32592>

### **Climate battle moves to the Senate**

LA Times, July 6, 2009; <http://www.latimes.com/news/nationworld/nation/la-na-climate6-2009jul06,0,6281299.story>

### **Obama's dangerous game with energy policy**

Baltimore Sun, July 6, 2009; <http://www.baltimoresun.com/news/opinion/oped/bal-op.energy06jul06,0,6233094.story>

### **The American Energy Tour, Part II**

McCook Daily Gazette, July 6, 2009; <http://www.mccookgazette.com/story/1552538.html>

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### **Donald A. Goddard: Critics exaggerate danger of drilling**

Tallahassee Democrat, July 12, 2009;

<http://www.tallahassee.com/article/20090712/OPINION05/907120308/1006/OPINION>

Donald A. Goddard  
My View

Re: "Spills give one a new perspective on oil drilling" (My View, June 24).

The column by David McLain perpetuated a great deal of misinformation about modern offshore oil drilling and contained at least one serious error.

After graduating from Florida State University in 1965 and completing doctorates in marine geology and geophysics from the University of London and geological engineering from the Universidad Central de Venezuela, I have developed more than a quarter century of experience in the petroleum industry, both in exploration geophysics and production geology, offshore and onshore, and in domestic and international regions. In addition, I have 15 years of petroleum research experience related to oil and gas production in the Gulf Coast region.

The technology used for oil exploration and production today is very effective at preventing and containing spills, and the drilling operations themselves are far safer than the primary way Florida gets its petroleum today — from tanker ship by sea. Florida may allow drilling in the Gulf of Mexico and coastal residents can be assured that they will never face the environmental horrors to which Mr. McLain refers. The environmental horrors McLain alleges are extremely rare or nonexistent in today's technologically driven, environmentally safe drilling activities. In fact, the National Research Council in 2003 reported that only a very small percentage of the oil discharged in North American waters is related to the extraction of petroleum — far less than that coming from stormwater runoff.

Moreover, none of the spills McLain cites were related to actual offshore drilling. The most infamous oil spill he mentions, the Exxon Valdez, was an oil tanker, and the Siberian pipeline spill happened in a nation with virtually no environmental standards. And to be clear, Florida is already at risk from a tanker spill, as the Straits of Florida are one of the busier shipping lanes in the world.

But McLain makes his most serious error when he blames Texas tar balls on offshore drilling. Historians have established that oil washing from natural offshore seeps was used by Native Americans living in coastal areas to caulk their canoes hundreds of years before the arrival of European settlers. Those tarballs wash up on the Texas coast because of prevailing currents in the Gulf — not because of offshore drilling. The lack of tarballs on the beaches of Alabama and Pensacola, where drilling also occurs, is proof that drilling is not causing these issues.

In fact, the same 2003 NRC study found that these natural seeps of raw oil bubbling up from the ocean floor contribute 95 percent of all the petroleum released each year into the Gulf of Mexico. This total dwarfs any amount of oil released by offshore drilling, which has grown safer and more reliable with every passing year.

Thanks in part to the work Mr. McLain and his colleagues have done since the 1990s, oil production and transportation in America is a safe enterprise that benefits the economy of our nation, and those states blessed with this bountiful natural resource. With the proper application of technology, Florida can have the best of all worlds: a robust economy with oil and gas extraction contributing billions to the tax base and the continued enjoyment of one of the world's most incredible beach, fishing and recreational playgrounds.

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### **Wind Projects at a Standstill**

Washington Post, July 11, 2009; <http://www.washingtonpost.com/wp-dyn/content/article/2009/07/11/AR2009071100148.html?hpid=moreheadlines>

Despite Washington's Enthusiasm, Recession and New Regulations Slow Firms

By Jonathan Starkey

The Obama administration has made offshore wind energy a priority and an important part of its plans to create jobs and combat climate change, but even such favorable political breezes have not been strong enough to propel the nation's first projects.

The economy has intervened, and an unfamiliar federal approval process could hold up leading projects.

Just last month, Interior Secretary Ken Salazar distributed leases to explore five possible wind farm sites off Delaware and New Jersey on the outer continental shelf. The leases were the first ever, and Salazar proclaimed "a new day for energy production in the United States."

But that day may be years in the dawning.

Developer Bluewater Wind won two of the leases for sites 14 miles off Delaware and 15 to 18 miles off New Jersey. The company seemed to be barreling toward being first in the emerging industry, with plans to plant a wind farm into the seabed at Rehoboth Beach, Del. A year ago, it had even struck an agreement to sell power from the giant windmills to Delmarva Power.

But now, its parent company, Australian investment firm Babcock & Brown, has buckled under the weight of the global economic downturn and is selling off its assets to reduce debt. Bluewater is looking for investors to keep its projects moving.

"They're just reapproaching all of the other players out there, hat in hand," said Brian Yerger, chief executive of Aerca Advisors, a consulting company focusing on renewable energy. "There are a lot of balls in the air."

Hundreds of large and small wind farms have been built on U.S. land, but that sector also is feeling financing frustrations. This week, oilman T. Boone Pickens backed off of his plans to build the world's largest wind farm in the Texas Panhandle, citing tight credit markets and lower natural gas prices.

Pickens could not find financing to pay for the transmission lines that would hook up his wind farm to the Texas grid. Offshore developers face a similar problem. They need to find customers to buy their power and must do so before they can get financing to build. They must also navigate an untested federal permit process that was scheduled to take effect late last month, putting projects many years away from completion. Construction on even the most promising projects in Rhode Island, along with those in Delaware and New Jersey, won't begin for at least four years.

"I guess I would say there's a lot of uncertainty out there in the industry," said Matthew Kaplan, a senior wind analyst at Emerging Energy Research.

Ed Feo, a partner specializing in renewable energy projects at law firm Milbank, Tweed, Hadley & McLoy, said the fact that offshore developers are entering uncharted waters inevitably increases the level of uncertainty.

"This is relatively high on the difficulty scale," said Feo, who said he is working with a pair of companies developing offshore wind projects. "Five years from now, it will be a lot easier. But right now, every issue requires a lot of thought and discussion. There's just not a policy manual to pull off the shelf."

Yet there have been strong signals of support from Washington. In April, the Interior Department broke through a regulatory logjam and issued rules governing how to gain federal approval to build wind farms offshore. The stimulus plan included a cash grant program and federal loan guarantees meant to spur investment in renewable energy projects. The Treasury said Thursday that it expects to hand out \$3 billion in direct payments.

Additionally, federal legislation making its way through Congress would cap greenhouse gas emissions and establish a nationwide renewable electricity standard, requiring utilities to meet a certain percentage of energy needs with renewable sources. Theoretically, that would make traditional sources of energy more expensive and open up markets for companies developing renewable energy projects, including offshore wind. Individual states already have similar measures in place mandating the use of renewable energy.

How that will ultimately speed offshore development is uncertain.

Fierce opposition has all but consumed a plan to build a wind farm in Nantucket Sound that was proposed in 2001 and has since become the subject of legal challenges and a multimillion-dollar lobbying campaign.

Cape Wind Associates is still awaiting federal approval to move forward with its \$1 billion-plus plan to build 130 turbines -- each as high as 440 feet from sea level -- six miles off Cape Cod, Mass. Renewed legal challenges, however, could further delay the project.

Kaplan said Cape Wind's troubles send bad signals to an industry attempting to grow out of infancy.

"That in itself makes investors cringe, when they see the first offshore wind project has taken this long and is still not over the hurdles," Kaplan said.

Other projects continue to inch forward in New Jersey and Rhode Island, some also dependent on critical negotiations to sell power.

As for Bluewater, President Peter Mandelstam said the company is moving forward and has identified interest among investors. Its two meteorological towers -- each costing \$6 million -- will be built by next summer, he said. Necessary data should be in hand by the end of 2011, at which time the company would be ready to secure more than \$2 billion needed to build its projects off Delaware and New Jersey. Under the company's current plans, construction would begin by the spring of 2013, and the windmills would be in the seabed sending power inland through undersea cables by that fall. Mandelstam said the company's financing situation should not delay progress.

"I've been in business long enough to understand that sometimes companies fail," Mandelstam said. "I'm not disappointed, it's simply business. One meets a new challenge, and one overcomes it. I've raised capital before, and I'm raising capital again."

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### **Energy-climate overhaul an uphill battle in Congress**

Houston Chronicle, July 11, 2009; <http://www.chron.com/disp/story.mpl/business/6524623.html>

Obama's top issues squeaked by in House; now real battle starts

By JENNIFER A. DLOUHY

WASHINGTON — Supporters of sweeping climate change and energy legislation barely squeaked the 1,428-page measure through the House after months of negotiations, deal-making and fierce arm-twisting.

But the real struggle has only just begun now that the fight has moved to the Senate, where supporters of the measure face daunting odds. Republicans are nearly united in opposition and more than a dozen Democrats have serious reservations about one of President Barack Obama's top priorities.

Although the Senate has debated the issue three times in the past eight years, supporters of capping greenhouse gas emissions blamed for global warming have never been able to secure more than 48 votes to advance the mandates in the 100-member chamber.

The challenge this year was underscored by the House's close 219-212 vote to pass its own version of the legislation in June, despite concessions to coal advocates and the oil and gas industry intended to bolster support for the measure.

The House bill would put progressively tighter limits on carbon dioxide emissions, imposing a 17 percent reduction of 2005 levels by 2020. Under the "cap-and-trade" plan, businesses could meet the emissions limit by cutting their pollution or buying and trading allowances to spew the pollutants.

Sen. Barbara Boxer, D-Calif., and Sen. Democratic leader Harry Reid, D-Nev., last week kicked off their push to come up with what Sen. John Kerry, D-Mass., called the "magic formula" for passing a bill. They are stitching together legislation on the framework of the House-passed bill, with the goal of getting it approved by key Senate panels in early September.

But the regional concerns that threatened the bill in the House — from the vitality of manufacturing in the Midwest to the financial health of the oil industry in Texas and Louisiana — are political dynamite in the Senate.

Where the House membership is distributed by population — with delegations from green-friendly California and New York having 82 members — the Senate's equal distribution of seats means that coal-reliant Ohio has the same voting power as California.

"Regional issues tend to blow up in the Senate," observed Frank Maisano, a Washington-based energy specialist with Bracewell & Giuliani. For supporters, "the largest problem is the regional nature" of the debate.

### Touchy compromises

Boxer and Reid can solve some regional concerns by making compromises with senators worried about interests back home. But every deal they make to secure votes — including possibly expanding offshore drilling and adding new incentives for nuclear energy — risks alienating senators already in the “yes” column and threatens to undermine the bill's environmental goals.

Environmental activists already have complained that the House bill is too friendly to polluters and have been urging the Senate to toughen it by selling more emissions allowances — rather than donating most of them to businesses initially.

Senate deal-making also jeopardizes some of the last-minute agreements that were key in the House. For instance, Sen. Kirsten Gillibrand, D-N.Y., is worried about a provision added to the bill that would strip the Environmental Protection Agency's authority to regulate pollution from coal-fired power plants — language backed by coal-mining states.

“The EPA has to have authority to regulate coal plants under the Clean Air Act,” said Gillibrand, who has promised “to use every bit of persuasive power” she can to ensure the bill “reflects the needs of New York.” Leaders in New York have been concerned about acid rain traced to coal-burning plants in the Midwest.

Boxer is mindful that appeasing one voting bloc could mean alienating another. Already, a rift is developing between Rust Belt senators, led by Sherrod Brown, D-Ohio, and Debbie Stabenow, D-Mich., and free trade advocates over tariff provisions in the House bill meant to protect U.S.-based companies.

The disputed language would allow the U.S. to impose tariffs on goods imported from countries that do not limit greenhouse gas emissions. Rust Belt lawmakers insisted on the language in the House to ensure companies in countries without greenhouse gas limits do not have a financial advantage over U.S. businesses coping with higher costs under the cap-and-trade program.

Brown said the Senate would not pass a bill if it doesn't “take care of manufacturing.”

Reid and Boxer will have to make calculations about the political risks of adding new proposals that weren't in the House bill, such as any plan to propel the construction of new nuclear power plants. That could help glean “yes” votes from Republicans who have supported climate change legislation in the past, including Sen. John McCain of Arizona.

Sen. Tom Carper, D-Del., noted that because many Republican senators “are very enthusiastic about nuclear energy,” a climate change bill that is “supportive of nuclear” could win GOP support.

### Nuclear opposition

But the idea of giving a jolt to nuclear power was a non-starter with the chief architects of the House bill, Reps. Henry Waxman, D-Calif., and Ed Markey, D-Mass.

Waxman and Markey were similarly cool to ideas about expanding domestic oil and natural gas production by opening more of the outer continental shelf to drilling.

But new drilling provisions could be a powerful lure for Democrats in energy-producing states, such as Sen. Mark Begich of Alaska and Sen. Mary Landrieu of Louisiana. But they also could turn off environmentalists and coastal senators worried about protecting pristine shoreline.

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## Changing of the guard

Petroleum News, July 10, 2009; <http://www.petroleumnews.com/pntruncate/962356410.shtml>

Parnell's experience debated as Alaska's lieutenant governor becomes governor

Stefan Milkowski

Alaska lawmakers and industry observers are hopeful that Lt. Gov. Sean Parnell's diverse experience, including a stint as an oil company lobbyist, will give him the perspective needed to make progress on a natural gas pipeline.

"My hope is that because of his industry background, he'll be a little more willing to sit down with industry and realize this is not the Evil Empire," said Ken Boyd, an oil and gas consultant and former director of the state's Division of Oil and Gas.

Parnell was thrust into the spotlight after Gov. Sarah Palin's surprise announcement July 3 that she will step down later in July and transfer power to the lieutenant governor. And while Parnell himself is pledging to push forward with the administration's effort under the Alaska Gasline Inducement Act, lawmakers are alternately hopeful that the new governor will be more understanding of the industry than Palin and concerned that he'll be more accommodating.

#### Benefit of the doubt

"I'm going to give him the benefit of the doubt, but he's going to have to answer some questions pretty soon," said Rep. Les Gara, who noted that Parnell has not played a very public role in the AGIA process to date. Rep. Beth Kerttula likewise argued that Parnell will have to demonstrate his commitment to AGIA and prove that his background is an asset rather than a liability. "This next session could decide whether AGIA actually becomes a pipeline project, or remains just a pipe dream," Kerttula wrote in a response to Palin's announcement. "The governor has decided to walk away from us at the very moment Alaskans need her most."

Sen. Gene Therriault, a friend and ally of Parnell's from their days serving together in the Alaska House in the mid-1990s, is more ready to accept the new governor's background. "I think it's just a matter of the chief executive of the state of Alaska taking the right position in negotiations with the producers, and that is to be protective of the state's rights," he said.

"I think he's going to have the ability to understand everybody's position," Therriault added. "That doesn't necessarily mean that he's going to be automatically accommodating."

Rep. John Harris noted that Parnell will still need legislative approval for major changes, such as any agreement to provide greater fiscal certainty to gas line shippers. "I think he's probably more likely to talk to them about (fiscal certainty), but he can't give anything to them," Harris said.

Ten months ago, when circumstances first made a Parnell administration a possibility, Parnell suggested his approach would differ from Palin's more in style than substance.

"We both have the view that our constitution is our foundation and the people are who we serve," he told Petroleum News. "There may be differences in execution because we're two different people." (See Experience, constitution would guide Parnell in leadership role, in Sept. 7, 2008, Petroleum News.)

For one, Therriault said he expects Parnell will be more measured in his public statements. "What you won't get from Sean is the comments like, 'Don't let the screen door hit you on the way out,'" he said.

#### A diverse background

Parnell, a lawyer, served in the Alaska House from 1993 to 1997 and in the Senate from 1997 to 2000. He sat on the House and Senate Finance Committees the entire eight years, and served two years as Senate Finance Committee co-chair.

From 2000 to 2003, Parnell worked for Phillips Petroleum Co. and ConocoPhillips. In 2002 and 2003, he was registered with the state as a company lobbyist.

In 2003, Parnell was appointed as deputy director of the Division of Oil and Gas, where he oversaw personnel and budgeting issues and helped negotiate a pipeline deal with TransCanada under then-Gov. Frank Murkowski.

In 2005, he became a partner at the Washington, D.C.-based law firm Patton Boggs.

Parnell was elected lieutenant governor in 2006 and in 2008 narrowly lost to Don Young in the Republican primary for U.S. House.

Parnell is by no means the only state official with oil industry ties. Several lawmakers work in the industry, and Palin's legislative liaison, Jerry Gallagher, is a former ConocoPhillips lobbyist who worked with Parnell.

Boyd said it would be foolish to question Parnell's allegiance to the state because of his industry background. "It's too small a state, and oil is too big a part of it, for people to not have a background in it," Boyd said.

Parnell, for his part, also dismissed the idea that he would take an industry position in situations where the state and industry interests are not aligned. "There's no question," he said in an interview July 8. "My allegiance is to the people of this great state and to the constitution of our state."

#### A 'seamless' transition

In a statement July 3, Parnell pledged to keep on the course set by Palin.

"We've got an extremely talented team of commissioners, and I intend to keep them working hard for our state," he said. "I will work with the governor to coordinate with the cabinet and staff on a seamless, stable transition."

In the interview with Petroleum News, Parnell pledged his support for the AGIA process and said he is working to ensure the governor's gas line team stays in place, although he mentioned that an announcement about staff changes is forthcoming.

"I support the AGIA process established by the governor (and) I intend to let the private sector continue its great work on coming together on a project," he said.

Parnell said he hopes the various pipeline proponents will eventually join forces, and added that he is open to hearing from anyone interested in commercializing North Slope gas. But he said he doesn't see the state negotiating a deal.

Parnell also said he has no plans to tweak the state's oil and gas production tax, or to increase the fiscal certainty some argue is needed to get a gas line moving. "I would require any company that makes that claim to demonstrate it with facts," he said.

Parnell said he has no plans to change course on Point Thomson.

He reserved comment on the governor's in-state gas line effort, explaining that he has not yet been briefed on the effort.

Parnell added that his commitment to responsible resource development extends beyond getting a gas line to issues such as outer continental shelf development. "My job as governor is also to fight at the federal level these encroachments that hurt job creation and opportunities for Alaskans," he said.

In an interview July 3, Revenue Commissioner Pat Galvin expressed confidence that Parnell is willing and able to pick up where Palin leaves off. "The lieutenant governor made it clear that he intends to continue with all of our efforts fairly seamlessly," Galvin said. "And he's well aware of the issues that we're dealing with on all of the oil and gas concerns."

#### A new approach to working with the Legislature

Lawmakers are hopeful that Parnell's leadership style and legislative background will improve relations between the governor's office and the Legislature. Tensions flared last legislative session, with Palin and lawmakers both criticizing the other for poor communication.

In a recent interview with the Anchorage Daily News, Palin predicted that lawmakers would attack her administration for political gain in the upcoming session. "I'm not going to let Alaskans go through a year of stymied, paralyzed administration and not getting anything done," she told the paper. "I'm going to let Sean Parnell take this and we will see that things will let up."

Therriault, who often defended Palin against legislative criticism, said in an interview July 7 that she did have a tendency to stake out positions without much thought to how they would be perceived by lawmakers, leaving others to figure out how to sell her ideas to the Legislature. "I think Sean's well ahead as far as just understanding how the two branches interact with each other," Therriault said.

"It's been a difficult year for the entire Legislature and the governor," added Kerttula. "It can't help but improve with Gov. Parnell."

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## **Senate EPW panel won't take up climate bill until September – Boxer**

Greenwire, July 9, 2009; <http://www.eenews.net/Greenwire/2009/07/09/1/>

Darren Samuelsohn

Senate Environment and Public Works Chairwoman Barbara Boxer said today that she would delay until September the markup of a comprehensive global warming bill.

The California Democrat told reporters that many senators are focused this month on health care reform legislation, prompting the delay from her original plan to hold a vote before the August recess.

"We don't have to rush it through," Boxer said. "We'll do it as soon as we get back, and we'll have it at the desk when Harry wants it, when the leader wants it."

Boxer was referring to the new Sept. 28 deadline set by Majority Leader Harry Reid (D-Nev.) for all six Senate committees to complete work on the climate bill. Senate Democrats are still trying to pass the climate legislation before December, when U.N. climate negotiations continue in Copenhagen. But sponsors face an uphill climb to win over 60 votes, given steady opposition from Republicans and moderate and conservative Democrats.

Asked if the change in markup plans threatens prospects for Senate passage this year, Boxer replied, "We'll be in until Christmas, so I'm not worried about it."

Boxer also said she would probably wait until September to release her climate legislation, a change from the schedule that her aides said could entail a bill out within the next two weeks.

As for legislative details, Boxer said the Environment and Public Works Committee and the Finance Committee would write provisions detailing distribution of valuable emission allowances.

"At the end of the day, as you know, all the bills will be merged," Boxer said.

Reid has said he wants to hold a climate debate on the floor by October, though he is also juggling health care and federal appeals court Judge Sonia Sotomayor's nomination to the Supreme Court.

Sen. James Inhofe (R-Okla.), the ranking member of the EPW Committee, said today that with the delay in the Senate "the public should expect more arm-twisting and backroom deals -- or, in other words, more business as usual in Washington.

"The American public can rest assured that I will be here, as I have done over the past 10 years, to expose the details of this devastating bill every step of the way," Inhofe said.

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## **Ill Winds Blow for Clean Energy**

WSJ, July 9, 2009; <http://online.wsj.com/article/SB124710043333415571.html>

By KEITH JOHNSON

T. Boone Pickens's decision to pull the plug on a big wind farm in the Texas panhandle highlights the hurdles clean-energy projects are facing in the U.S., including competition from newly cheap and abundant natural gas.

While problems plague all kinds of green-energy efforts, wind power has been hit especially hard. Because of the complications, growth in wind-power capacity this year is expected to be three-quarters of the increase in a record 2008, according to the American Wind Energy Association trade group.

Even cash-flush foreign utilities that in recent years have entered the U.S. wind-power market, such as Spain's Iberdrola SA, have scaled back U.S. investment plans. And Mr. Pickens's decision, announced Tuesday, to shelve his project for the foreseeable future has left him scrambling to find homes for 667 wind turbines that he ordered in May 2008.



The solar-power industry, which was flying high just a year ago, spent the first half of 2009 announcing layoffs. Some big solar-power projects were shelved.

"The vast majority of commercial projects are on hold," said Rhone Resch, president of the Solar Energy Industries Association, noting that installations in California were down 60% in the first quarter compared with the year before.

One reason for the pullbacks is the plunge in natural-gas prices. Natural-gas futures on the New York Mercantile Exchange have fallen 72% from a year ago and dropped 2.2% on Wednesday to \$3.35 per million British Thermal Units.

Inexpensive natural gas is generally bad news for renewable energy: Power plants that burn natural gas become even cheaper to operate when gas prices are low, making projects such as Mr. Pickens's planned wind farm less economical. Other clean-energy technologies, such as solar power, are even more expensive than wind.

When natural-gas prices are high -- as they were last summer when Mr. Pickens announced his Pickens Plan to wean the U.S. off foreign oil -- clean-energy projects become more competitive.

Natural-gas prices have fallen because of greater supply and weaker demand, as U.S. natural-gas production has soared over the past year because of the exploration of new reserves. But the economic slowdown has curtailed gas demand, especially in the industrial sector, and analysts expect prices to stay relatively low for the next few years.

Because gas prices are so volatile, short-term price movements alone don't make or break long-term investment decisions on projects like power plants. But just as cheap oil in the 1980s helped derail the U.S. clean-energy sector, relatively cheaper fossil fuels undermine investor interest in alternatives.

And that is without the credit crunch, which has been even more of a problem for clean-energy projects than some other sectors.

"Access to capital has been very hard," said Bracken Hendricks, an energy analyst at the Center for American Progress, a Washington think tank. "It's just so difficult to build large-scale, capital-intensive projects" when many of the banks that specialized in underwriting clean-energy deals were sideswiped by the financial crisis.

Another problem is electricity transmission. Wind farms and other forms of clean energy are usually located in remote locations and require huge new transmission lines to carry the electricity to cities. Mr. Pickens initially hoped to finance the construction of his own transmission lines but was unable to secure funding.

The U.S. Department of Energy last year cited transmission as the biggest hurdle to full-scale wind-power development in the U.S., a notion seconded by many energy analysts.

"The question for the country is whether you want wind farms in the optimal locations at half the cost, or whether you build projects in lower-quality sites that have transmission lines," said Rob Gramlich, senior vice president for policy at the American Wind Energy Association.

Congress is trying to tackle the transmission question. The Senate is working on legislation that would give the federal government greater authority to authorize new transmission lines, which could help overcome some delays caused by state-level planning.

The administration of former President George W. Bush laid out plans to build 6,000 miles of electricity-transmission corridors across federal lands in Western states. But critics contend that the transmission corridors were designed to align with coal-fired power plants, not renewable-energy plants, and earlier this week filed suit to try to block the plan.

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### **Sean Parnell calls resource development, jobs Alaska's top priorities**

Fairbanks Daily-Miner, July 9, 2009; <http://newsminer.com/news/2009/jul/09/sean-parnell-calls-resource-development-jobs-alask/>

By Rena Delbridge

FAIRBANKS — Building the economy through jobs and resource development will be Alaska's next governor's top priority.

Lt. Gov. Sean Parnell expects to be sworn in to the state's top job July 26 in Fairbanks, following Gov. Sarah Palin's unexpected resignation Friday.

Parnell said while he and Palin share "core values" and complimented each other in style and experience, his tenure as governor won't be the same.

"I'm a different person," he said. "My focus, though, is not on trying to demonstrate the differences. My focus is on serving Alaskans."

The former state lawmaker challenged U.S. Rep. Don Young's seat in 2008 and lost. Parnell has said he plans to run for governor in 2010. Beginning in July, he'll have a chance to acquire a platform of executive experience.

Parnell said resource development, including support for Outer Continental Shelf development, North Slope exploration and mining in the Interior, will drive a stronger economy.

"A solid economy will provide cheaper energy for people, higher paying jobs," Parnell said. "If we focus on the economy and make that our No.1 mission, our people will have a future."

He reiterated staunch support for Palin's Alaska Gasline Inducement Act, which awarded \$500 million to natural gas pipeline builder TransCanada in exchange for state must-haves. He said a climbing long-term natural gas price forecast by the Energy Information Agency reinforces the viability of a large-diameter line linking the North Slope and markets Outside.

The rosy outlook also makes it hard to justify changing the state's natural gas tax system, despite producers' call for more fiscal certainty if they're to commit gas to a pipeline project, Parnell said.

"At this stage, I don't see a necessity (to change)," he said. "We have a natural gas tax regime in place. If the companies come together and can demonstrate a need to change, I would be open to that, but right now there's no reason when the project is economically viable."

Even if the future may look good for natural gas, the state's take of oil revenues is declining with prices and production. But the soon-to-be governor is no stranger to budget holes.

Parnell recounted his days as Finance Committee co-chairman in the state Senate, when oil was selling at a miserly \$9 per barrel.

"We had to dig into savings for 40 percent of our general fund budget," he said.

His goal was to make sure government lived within its means. After covering basics like public safety, education and transportation infrastructure, everything else was "on the table."

"My focus was on cutting the budget, not on raising taxes on people," Parnell said.

The state could be facing budget cuts by the time his financial plan is due in December, especially if oil prices linger at low levels and production keeps declining. Parnell said he's ready to trim by forcing greater efficiency and by eliminating the outdated and ineffective — a "surgical strike" compared to across-the-board cuts he regards as a last resort.

Aside from money matters, Parnell said he's looking forward to following through on energy policy, where "Governor Palin made a good start."

He supports in-state natural gas development and would like communities to put an Alaska energy authority inventory of energy options to use. Other energy options are all on the table, he said.

"I'm looking forward to being able to help Alaskans have a future here," he said. "I don't want our young people leaving, I don't want our people hurting in their homes. I want people to have hope."

Reasonable energy will offer incentive for economic development, he said.

After granting several national media interviews in the weekend following Palin's shocking announcement, Parnell said he's not scheduled any others in the near future.

"I've turned my focus this week to building a stable and seamless transition," he said. "That (national media interviews) is not part of my strategy. My strategy is to work for a stable transition."

The transfer of power is scheduled for the governor's annual picnic, July 26 in Fairbanks.

"That is her (Palin's) last picnic and last chance to meet with Fairbanks residents as governor," Parnell said. "And frankly, it brings us full-circle on the Palin-Parnell administration. We were both sworn in at the Carlson Center."

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### **Rep. Waxman giving Senate room to work on climate change bill**

The Hill, July 8, 2009; <http://thehill.com/leading-the-news/rep.-waxman-giving--senate-room-to-work-on-climate-change-bill-2009-07-08.html>

By Jared Allen

The chief architect of the climate change bill that barely squeaked by the House last month indicated Wednesday that he's open to seeing the bill significantly altered by the Senate if that's what it takes to ensure its passage.

"The irreducible core of the bill is that we get the reductions in carbon emissions," House Energy and Commerce Committee Chairman Henry Waxman (D-Calif.) said Wednesday morning during a breakfast sponsored by the National Journal and a number of energy and healthcare industry groups.

Beyond that, Waxman laid down no specific boundaries that, if crossed, would doom the bill.

Getting a climate change bill to President Obama's desk ahead of the United Nations Climate Change Conference in Copenhagen, Denmark, in December is, according to Waxman and House Speaker Nancy Pelosi (D-Calif.), critical to giving Obama leverage with other major polluters.

Obama will likely need as much leverage as he can get. Hours after Waxman gave his remarks, G-8 leaders announced that they were unable to reach an agreement with developing countries including China on halving the amount of global greenhouse gases by 2050, and had to settle for the less noble goal of pledging to keep the average world temperature from continuing to rise.

Democrats have already shown they are willing to bend significantly to march the bill forward.

Before he could even move his bill through his own committee, Waxman was forced by Democrats on his panel to lower his original emissions reductions goals by 3 percent, to 17 percent below 2005 levels by 2020, as opposed to 20 percent. The chairman admitted on Wednesday that it was a concession he "wasn't happy" to make.

Even after an agreement was reached, Waxman, along with Energy and Environment subcommittee Chairman Edward Markey (D-Mass.), Agriculture Committee Chairman Collin Peterson (D-Minn.) and a number of coal- and oil-state Democrats, made a number of additional concessions designed to solicit just enough votes to get the climate change measure through the House.

Although Senate leaders, including Majority Leader Harry Reid (D-Nev.) and Majority Whip Dick Durbin (D-Ill.), have said they would like to see the Senate follow the House's lead and work off of the Waxman-Markey cap-and-trade bill, the Senate Energy and Natural Resources Committee has so far shied away from a cap-and-trade-based approach to reducing carbon emissions.

And while Environment and Public Works Chairwoman Barbara Boxer (D-Calif.) is working off of the Waxman-Markey framework, she said this week that "everything is on the table," according to reports.

Either way, very few observers expect the Waxman-Markey bill to emerge from the Senate unscathed, as getting a coalition of 60 votes to stick together will surely result in new deals on a variety of policy provisions being struck.

Waxman would not speculate on what changes would be made during the many weeks the Senate is expected to tinker with the House-passed bill to lower carbon emissions and create a market-based system of trading pollution permits.

"The Senate is a hard place to pass legislation," he said. "We'll see what happens there."

But Waxman said he and other House leaders had the Senate in mind when they re-worked their bill with rural states, the Rust Belt and a host of other interests in mind after steering it through the Energy and Commerce panel.

"We wanted to show that you can be from Ohio and vote for this bill," Waxman said. "You can be from Pennsylvania and vote for this bill. You can be from Michigan and vote for this bill ... So we had the Senate clearly in mind."

A number of hesitant Democrats who ultimately voted for the bill and delivered Waxman, Pelosi and President Obama a significant win may also have had the Senate in mind.

"I might be wrong, but I think the Senate will make it an easier vote on me," said Rep. Henry Cuellar (D-Texas), one of the most heavily lobbied Democrats, who at the last minute voted yes and pushed the bill over the goal line.

"If the Senate does what I think they'll do, where you've got some of those 'Drill, baby, drill' senators, and they add offshore drilling and all that, that will make my vote a lot easier," Cuellar said.

Increased domestic production, while popular among oil-producing states such as Texas, has been a difficult sell for Waxman and Pelosi, who want to move the nation's energy economy toward renewable sources.

And while drilling provisions could win the support of some centrist Democrats and of Republicans in the Senate, too much could set off a different version of the regional debate that almost killed the bill within the House Democratic Caucus. Sen. Bill Nelson (D-Fla.) has strenuously objected to any new coastal drilling that would violate the agreement Congress reached in 2006.

But not all domestic production is a deal-killer.

Cuellar said a last-minute amendment easing the concerns of the large natural-gas industry in his district helped seal his vote in favor of the Waxman-Markey bill.

Rep. Kathy Castor (D-Fla.), an early supporter of the bill on the House Energy panel, said she would side with her delegation against drilling off the coast of Florida, even if it meant voting to kill the bill when it comes back from the Senate, but did not shut the door on drilling altogether.

"I think that folks are open to some reasonable domestic production," Castor said.

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### **Senators Extend Energy Bill Deadline to Sept. 28**

CQ Today, July 8, 2009;

[http://www.cq.com/document/display.do?dockey=/cqonline/prod/data/docs/html/news/111/news111-000003160927.html@allnews&metapub=CQ-NEWS&searchIndex=0&seqNum=3#keyword\\_1](http://www.cq.com/document/display.do?dockey=/cqonline/prod/data/docs/html/news/111/news111-000003160927.html@allnews&metapub=CQ-NEWS&searchIndex=0&seqNum=3#keyword_1)

By Avery Palmer

Senators are giving themselves 10 extra days to finish committee reviews of a massive energy bill that leaders still hope to bring to the floor this Fall.

Five committee chairs that will share jurisdiction met Wednesday evening with Majority Leader Harry Reid, D-Nev., to discuss plans to address energy policy and climate change.

Reid had previously given the committees a Sept. 18 deadline to finish marking up or reviewing the bill. But he agreed to push the date back to Sept. 28 to give members more time to consider it, senators leaving the meeting said.

Agriculture Committee Chairman Tom Harkin, D-Iowa, said this schedule is achievable but warned that much of his attention will be on health care.

"We're going to be on conference in September" for health care, he said. "That's going to take a lot of time."

Environment and Public Works Committee Chairman Barbara Boxer, D-Calif., soon plans to introduce legislation to address greenhouse gas emissions that trigger climate change. The model will be a bill (HR 2454) that passed the House in June. Boxer intends to mark it up before the Senate leaves for the August recess.

This measure will be combined with an unnumbered bill approved in the Senate Energy and Natural Resources Committee last month, which sets a mandate for renewable energy use and opens more of the Gulf of Mexico to oil and gas drilling.

Other committees including Agriculture; Commerce, Science and Transportation; Finance; and Foreign Relations also will weigh in, though some may not hold formal markups.

Harkin said he has not decided whether to have a markup, but announced he will hold a July 22 hearing on how the bill will affect agriculture.

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### **Commerce Panel Modifies and Approves Coast Guard Reauthorization**

CQ, July 8, 2009; <http://www.cq.com/document/display.do?matchId=82546395>

By Leah Nysten

The Senate Commerce, Science and Transportation Committee approved a measure Wednesday to reauthorize the Coast Guard through fiscal 2011.

The bill (S 1194) would authorize \$9.5 billion annually for the Coast Guard in fiscal 2010 and fiscal 2011.

The legislation would also overhaul the Coast Guard's troubled Deepwater fleet modernization program, which has been plagued by errors, delays and cost overruns.

The Senate bill would grant new authority to the Coast Guard to work directly with international maritime authorities and organizations. The aim is to help the Coast Guard gain better access to information about foreign vessels and help the agency work better with other nations on maritime law enforcement.

It also would rework the Coast Guard's command structure and provide greater flexibility for servicemembers to retain leave when they are called back from time off in the event of disasters and emergencies.

Before approving the legislation, 25-0, in an en bloc vote with several other bills, the panel adopted by voice vote an amendment by Mel Martinez, R-Fla., that would allow the use of personal watercraft on a portion of the Intracoastal Waterway off the coast of South Florida. The amendment also would require the Coast Guard to conduct an environmental-impact study on allowing personal watercraft on the waters.

Martinez also offered but withdrew an amendment that would have set a cap on seamen's penalty wages, the amount a sailor is entitled to receive if a vessel owner does not pay him or her within a set period of time after a voyage.

The amendment would have limited penalties to no more than 10 times the unpaid wages for the seaman on passenger vessels carrying more than 500 passengers.

#### **Other Amendments**

In the same en bloc vote, the panel adopted three amendments:

- A manager's amendment by Maria Cantwell, D-Wash., that would require the secretary of Transportation to create regulations governing oil transfers from vessels.
- An amendment by Bill Nelson, D-Fla., that would set a statute of limitations of three years on class action suits for penalty-wage claims.

- An amendment by Mark Begich, D-Alaska, that would allow companies to charter foreign-registered vessels for mobile offshore drilling on the outer continental shelf until 2012 if other vessels are not available.
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### **So Much for 'Energy Independence'**

WSJ, July 7, 2009; <http://online.wsj.com/article/SB124693284425203789.html>

By ROBERT BRYCE

Whenever you read about ethanol, remember these numbers: 98 and 190.

They offer an essential insight into U.S. energy politics and the debate over cap-and-trade legislation that recently passed the House. Here is what the numbers mean: The U.S. gets about 98 times as much energy from natural gas and oil as it does from ethanol and biofuels. And measured on a per-unit-of-energy basis, Congress lavishes ethanol and biofuels with subsidies that are 190 times as large as those given to oil and gas.

Those numbers come from an April 2008 report by the Energy Information Administration: "Federal Financial Interventions and Subsidies in Energy Markets 2007." Table ES6 lists domestic energy sources that get subsidies. In 2007, the U.S. consumed nearly 55.8 quadrillion British Thermal Units (BTUs), or about 9.6 billion barrels of oil equivalent, in natural gas and oil. That's about 98 times as much energy as the U.S. consumed in ethanol and biofuels, which totaled 98 million barrels of oil equivalent.

Meanwhile, ethanol and biofuels are getting subsidies of \$5.72 per million BTU. That's 190 times as much as natural gas and petroleum liquids, which get subsidies of \$0.03 per million BTU.

The report also shows that the ethanol and biofuels industry are more heavily subsidized -- in total dollar terms -- than the oil and gas industry. In 2007, the ethanol and biofuels industries got \$3.25 billion in subsidies. The oil and gas industry got \$1.92 billion.

Despite these subsidies, the ethanol lobby is queuing up for more favors. And they are doing so at the very same time that the Obama administration and Congress are pushing to eliminate the relatively modest subsidies for domestic oil and gas producers. Democrats want to cut drilling subsidies while simultaneously trumpeting their desire for "energy independence."

The cap-and-trade bill passed by the House aims to "create energy jobs" and "achieve energy independence." Meanwhile, Democrats are calling to eliminate drilling subsidies that have encouraged advances in technology that have opened up vast new U.S. energy sources. These advances have made it profitable to extract natural gas from the Barnett Shale deposit in Texas and the Marcellus in Pennsylvania -- deposits once thought too expensive to tap.

President Barack Obama's 2010 budget calls for the elimination of two tax breaks: the expensing of "intangible drilling costs" (such as wages, fuel and pipe), which allows energy companies to deduct the bulk of their expenses for drilling new wells; and the allowance for percentage depletion, which allows well owners to deduct a portion of the value of the production from their wells. Those breaks provide the bulk of the \$1.92 billion in oil and gas subsidies.

In May, Mr. Obama called the tax breaks for the oil and gas industry "unjustifiable loopholes" that do "little to incentivize production or reduce energy prices."

That's flat not true. The deduction for intangible drilling costs encourages energy companies to plow huge amounts of capital into more drilling. And that drilling has resulted in unprecedented increases in natural gas production and potential.

An April Department of Energy report estimated that the newly available shale resources total 649 trillion cubic feet of gas. That's the energy equivalent of 118.3 billion barrels of oil, or slightly more than the proven oil reserves of Iraq.

Eliminating the tax breaks for drilling will make natural gas more expensive. Tudor, Pickering, Holt & Co., a Houston-based investment-banking firm, estimates that eliminating the intangible drilling cost provision could

increase U.S. natural gas prices by 50 cents per thousand cubic feet. Why? Because without the tax break, fewer wells will be drilled and less gas will be produced. The U.S. consumes about 23 trillion cubic feet of gas per year. Simple arithmetic shows that eliminating the drilling subsidies that cost taxpayers less than \$2 billion per year could result in an increased cost to consumers of \$11.5 billion per year in the form of higher natural gas prices.

Amid all this, Growth Energy, an ethanol industry front-group, is pushing the Environmental Protection Agency to adopt a proposal that would increase the amount of ethanol blended into gasoline from the current maximum of 10% to as much as 15%.

That increase would be a gift to corn ethanol producers who have never been able to make a go of it despite decades of federal subsidies and mandates. Growth Energy is also pushing the change even though only about seven million of the 250 million motor vehicles now on U.S. roads are designed to run on fuel containing more than 10% ethanol.

There is plenty of evidence to suggest that gasoline with 10% ethanol is already doing real harm. In January, Toyota announced that it was recalling 214,570 Lexus vehicles. The reason: The company found that "ethanol fuels with a low moisture content will corrode the internal surface of the fuel rails." (The rails carry fuel to the engine injectors.) Furthermore, there have been numerous media reports that ethanol-blended gasoline is fouling engines in lawn mowers, weed whackers and boats.

Lawyers in Florida have already sued a group of oil companies for damage allegedly done to boat fuel tanks and engines from ethanol fuel. They are claiming that consumers should be warned about the risk of using the fuel in their boats.

There is also corn ethanol's effect on food prices. Over the past two years at least a dozen studies have linked subsidies that have increased the production of corn ethanol with higher food prices.

Mr. Obama has been pro-ethanol and anti-oil for years. But he and his allies on Capitol Hill should understand that removing drilling incentives will mean less drilling, which will mean less domestic production and more imports of both oil and natural gas.

That's hardly a recipe for "energy independence."

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### **More American Energy, Especially in Alaska, Needed For Economy**

Human Events, July 7, 2009; <http://www.humanevents.com/article.php?id=32592>

by Greg Cohen

Since the financial fallout beginning around this time last year, we've seen unprecedented levels of government action and involvement restore growth to the American economy, including the Wall Street rescue bill and the stimulus package.

Most, if not all, of these actions were taken in the name of economic stability. But while so many in Washington are focused on economic steadiness, few are talking about how harnessing America's vast amounts of resources will help spur growth, drive-down fuel costs and increase energy independence.

For highway users, mobility and transportation access also depend on energy security. Highways are America's economic arteries, and the costs of improvements that keep us moving are deeply affected by the cost of energy.

In addition, stable and growing fuel supplies mean easier access for motorists to jobs, shopping, and recreation -- the very activities that increase consumer confidence and grow the economy. For shippers, growing energy supplies keep logistics costs down and ensure that the price of delivered goods is not manipulated by erratic fuel surcharges. That helps consumers too.

When energy costs go down, more people have more money to save, invest and spend. In fact, lower energy costs are akin to tax cuts. And when money is freed up in the market, small businesses expand, new jobs are created and individuals are empowered.

This is exactly why our lawmakers and elected officials should be focused on producing more energy here at home. We have enough resources to fuel our economy for years, but policies in place continue to keep most of them off-limits.

In Alaska, for example, positive steps were made over the past few years toward increasing safe, deep-ocean energy production. Almost one-sixth of the oil we use in America comes from Alaska and conservative estimates show there to be almost 30 billion more barrels of oil off its coast.

Steps toward production were underway until a federal court in Washington intervened, bringing the process to an abrupt halt. This sudden change will take the American economy in the wrong direction, increasing fuel prices, making infrastructure projects more expensive, and increasing dependence on imported supplies. The unprecedented decision to declare the current Interior Department five-year plan null and void based on a technicality leaves Americans without a blueprint to produce our own energy resources along the outer continental shelf (OCS).

Given the safe and clean, 21st century technologies now used for energy exploration, the capable workforce and infrastructure now in place, and the growing demand for energy, the Interior Department should be working diligently to amend the previously issued five-year plan, or produce a new one that ensures stable and growing American energy supplies, including opening up Alaska's offshore waters for energy exploration.

National polls and surveys continue to show that Americans clearly believe that increasing safe, environmentally-sound energy production -- including offshore efforts -- must be a part of a well-balanced plan moving forward.

Strong public support, coupled with the clear economic benefits to American citizens, makes the timeline for action to increase energy exploration all the more significant. For motorists and other highway users, the Department of Interior's action would be a big help in a difficult economic time.

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### **Climate battle moves to the Senate**

LA Times, July 6, 2009; <http://www.latimes.com/news/nationworld/nation/la-na-climate6-2009jul06,0,6281299.story>

Obama faces calls for more concessions, including offshore drilling, in global warming legislation.

By Jim Tankersley

Reporting from Washington — President Obama's landmark energy and global warming bill squeaked through the House only after the White House made dozens of concessions to coal, manufacturing and other interests.

Now, as the battle moves to the Senate, Obama faces demands for even more concessions -- including pressure to open the nation's coastlines to offshore oil and gas drilling.

The Senate also will take up a series of controversial issues that were glossed over or omitted from the House legislation. Among them: giving the government sweeping powers to approve thousands of miles of new transmission lines to carry electric power to coastal cities from wind turbines in the upper Midwest and solar power generators in the Southwest, regardless of local objections.

Aware of the challenge, Obama repeatedly has called attention to the House achievement and urged the Senate to keep up the momentum.

"There are going to be a series of tough negotiations," he said last week. "But I think the ability of the House to move forward is going to be a prod for the Senate toward action."

Even so, with Republicans forming a near-solid phalanx of opposition and many Democrats concerned about the effects of specific sections of the bill on their constituents, the prospect is for a long, slow legislative process.

Senate leaders say they will benefit from lessons learned from the way House leaders built their majority. Chief among them: the need to cut specific deals to ease the effects of new emissions restrictions -- which could translate into higher costs for businesses and rising prices for consumers -- in particular parts of the country.



"We need to absolutely work this bill one on one," said Sen. Barbara Boxer (D-Calif.), who chairs the Environment and Public Works Committee that is drafting emissions limits, "because everybody's got different passions about it, different feelings about it, different hopes about it, different fears about it."

Making those deals is harder in the Senate than in the House, some analysts say.

"In the House, you can move blocks of votes," said Daniel Weiss, a senior fellow at the liberal Center for American Progress who works on global warming issues. "In the Senate, it's hand-to-hand combat."

Although a climate bill is expected to be hundreds of pages long, it will boil down to an attempt to start weaning the U.S. economy from dependence on fossil fuels.

The centerpiece is the so-called cap-and-trade system, which would set limits on carbon dioxide and other emissions that scientists say are a major factor in global warming. The allowed level of such emissions would decline over time. And major polluters, such as power plants and factories, would be required to obtain permits to cover their emissions as a spur to reducing pollution.

The original idea was that the government would sell the permits, but the House voted to give out many of them free to ease the economic effects.

The Senate bill also is likely to include a variety of provisions designed to encourage development of energy sources, including wind and solar power. Those could include financial and legal provisions to speed construction of transmission lines to move power from the remote deserts and plains -- where it's easily produced -- to coastal cities where it's needed.

The quest for new energy sources is expected to reopen the politically explosive issue of offshore drilling.

Looming over all the provisions is cost -- a focal point of Republican attacks.

"The public is especially wary of passing this during a major recession, and public skepticism is growing about the man-made climate fears," said Marc Morano, editor of the global-warming-skeptic website ClimateDepot.com.

Democrats and the two independents who caucus with them control 60 Senate seats. But more than a dozen have expressed concern over costs. They include Democrats from industry-heavy Ohio and Michigan, coal-dependent Indiana and oil-rich Louisiana.

Only a few Republicans appear open to emissions limits, notably two moderates from Maine -- Sens. Susan Collins and Olympia J. Snowe -- and Sen. John McCain of Arizona, who championed emissions limits in his presidential campaign (though he has expressed reservations about the House bill).

The Senate bill will emerge from several committees -- including the finance, foreign relations, commerce and agriculture committees -- with dramatically different memberships and priorities.

The energy committee already has approved its chunk with wide bipartisan support. It includes a requirement to produce more electricity from renewable sources, but also expands drilling -- a possible deal-breaker for environmentalists.

Boxer's committee will center its work on cap and trade. The House bill would cut U.S. emissions by 17% below 2005 levels by 2020 and 83% by 2050. Environmentalists expect Boxer, who said she was "looking closely" at those limits, to strengthen them.

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### **Obama's dangerous game with energy policy**

Baltimore Sun, July 6, 2009; [http://www.baltimoresun.com/news/opinion/oped/bal-op.energy06jul06\\_0\\_6233094.story](http://www.baltimoresun.com/news/opinion/oped/bal-op.energy06jul06_0_6233094.story)

By Bonner Cohen

July 6, 2009

President Barack Obama is playing Russian roulette with America's quest for energy independence by rushing to replace fossil fuels with unreliable and expensive renewable energy.

The global balance of power is already shifting away from the United States toward China and Russia in the critical area of strategic natural resources.

Earlier this year, the cash-rich Chinese embarked on a veritable shopping spree, snatching up energy and mineral resources around the world at bargain-basement prices.

In February alone, Beijing cut oil deals worth \$41 billion with Russia, Brazil and Venezuela. Among the most lucrative is an agreement with Moscow in which China will lend \$25 billion to Russian oil giant Rosneft and oil pipeline company Transneft.

In return, China will receive 300,000 barrels of crude oil a day for the next 20 years at about \$20 a barrel, or less than one-third the current price of about \$71. Beijing's growing appetite for energy has also taken it to the Middle East, where in March a Chinese consortium signed a \$3.2 billion deal with Iran to develop an area beneath the Persian Gulf believed to hold 8 percent of the world's known natural gas reserves.

In addition to energy, precious metals, with both commercial and military applications, are uppermost on the minds of forward-looking Chinese. Data compiled by the Nevada Bureau of Mines and Geology show China is boosting production of its ample domestic mineral resources.

Of 22 key metals commodities in 2008, China was a significant global producer (meaning it accounted for more than 10 percent) in 16 and was the global leader in the production of 10, including zinc, tungsten, gypsum, cement, iron ore, gold, phosphate rock, tin, barite and rare earths.

Russia, too, is taking care of business when it comes to securing strategic natural resources.

Faced with dwindling supplies of its traditional sources of natural gas, the Kremlin is moving aggressively to exploit vast gas fields in the Yamal Peninsula in northwestern Siberia. Moscow also has laid claims to an area on the Arctic continental shelf equal to the size of France, Germany and Italy combined. Geologists believe the Arctic seabed contains nearly 25 percent of the world's hydrocarbon deposits.

Furthermore, together with Iran and Qatar, Russia has recently formed what the Heritage Foundation's Ariel Cohen calls a "gas OPEC," a cartel that will meet quarterly to coordinate and exercise control over nearly two-thirds of the world's natural gas reserves and a quarter of global gas production.

By contrast, the U.S. is engaging in unilateral economic disarmament by shutting off access to the nation's most abundant and reliable sources of energy. Congress and the Obama administration refuse to lift moratoriums on drilling for oil and natural gas on the outer continental shelf, or to open up a tiny speck of the Arctic National Wildlife Reserve for oil and gas exploration.

Interior Secretary Ken Salazar has put on hold plans to develop huge oil shale reserves in Utah, Colorado and Wyoming. In April 2009, the U.S. Geological Survey estimated Colorado's Piceance Basin alone contains 1.53 trillion barrels of oil.

In the name of combating "global warming," Washington is force-feeding Americans a low-energy diet of renewable fuels, including notoriously unreliable and inefficient wind and solar power. In doing so, it will create a severe energy shortage, to the detriment of our prosperity and national security.

The United States is the only major world power that refuses to develop its own energy resources. In so doing, it is playing Russian roulette - solitaire-style. Sooner or later, it will prove fatal.

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### **The American Energy Tour, Part II**

McCook Daily Gazette, July 6, 2009; <http://www.mccookgazette.com/story/1552538.html>

U.S. Rep. Adrian Smith  
Monday, July 6, 2009

Last summer we saw firsthand the consequences of a short-sighted energy policy handcuffed by Washington bureaucrats. Families faced record high gas prices, grocery bills were higher than ever, and even charities such as Meals on Wheels felt the impact.

During the height of these rising energy costs, I had the opportunity to join House Republican Leader John Boehner (R-OH) to tour the National Renewable Energy Laboratory in Golden, Colorado, where I was able to review emerging solar, wind, hydrogen, biomass, and fuel cell technologies representing the future of American energy. Our group then traveled to Alaska's North Slope to tour potential oil exploration areas. Dubbed the American Energy Tour, it was a valuable experience.

At the time, fuel and energy prices dominated the headlines. Today, even though prices aren't as high and the news cycle isn't focused on the impact to household budgets, the need for a truly comprehensive energy portfolio -- one including every source of energy like solar, wind, nuclear, clean coal, hydropower, biofuels and domestic exploration -- is just as pressing today as it was 12 months ago.

Just a few days ago, I was able to take part in the 2009 American Energy Tour, this time focusing on our offshore oil and natural gas resources off the coast of Louisiana. Members taking part received energy briefings from the Minerals Management Service regarding offshore drilling and leasing processes as well as learned more about offshore oil and gas production and coastal erosion.

Led by Rep. Steve Scalise (R-LA), the tour offered us the opportunity to see the heart of our domestic energy production in action. We were able to visit the largest offshore natural gas platform in the country as well as to see one of the largest oil platforms in action.

It was insightful to see the process firsthand and to learn how environmentally-safe the entire process is. Louisiana is the nation's largest offshore oil and gas producer, and there are pipelines from the Gulf of Mexico to virtually every part of the country, including Nebraska.

Offshore energy development is an important step towards reducing our dependence on foreign sources of oil. The Outer Continental Shelf (OCS) -- including sections which have been off limits to drilling since the early 1980s -- may contain as much as 115 billion barrels of oil.

Taking full advantage of our potential offshore energy production has the potential to generate 1.2 million new jobs, \$8 trillion in additional economic output and \$2.2 trillion in extra tax receipts nationwide, according to the American Energy Alliance.

The Administration and Congress must take steps to ensure America's offshore resources remain an important part of our domestic energy supply, but it simply can't be our only option.

America needs a comprehensive national energy plan, not a debilitating national energy tax under the guise of 'cap-and-trade.' An all-of-the-above approach to our energy policy -- one which includes offshore oil and gas production as well as the advancement of technologies to develop alternative sources of energy -- needs to be on the table.

I am a cosponsor of the American Energy Act -- a plan which offers just such an all-of-the-above approach to energy independence, more jobs, and a cleaner environment without imposing a national energy tax.

This bill focuses on more domestic exploration for oil and natural gas; a renewed commitment to clean, emissions-free nuclear energy; and investments in renewable and alternative energy technologies, as well as incentives for conservation by individuals and businesses.

We have the responsibility to learn from the past to ensure an energy crunch like last year never occurs again. By making good use of our domestic resources throughout our country and by encouraging technology and innovation, we can strengthen our country while at the same time ensuring our economic stability.

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