

ENERGY POLICY ACT OF 2005 -- (Senate - June 28, 2005)

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Mr. *McCain*. Mr. President, I regret that the Senate has once again produced an Energy bill that does not serve either the present or future energy needs of our Nation. The provisions in this bill will not make us less dependent on foreign oil, will not enhance the reliability of the Nation's electricity grid, will not effectively promote energy efficiency and technological innovation, will not reduce the price of energy to consumers over time, and will not address our significant contribution to the serious problem of global warming.

While I commend the chairman and ranking member of the Energy Committee for the bipartisan process they have led throughout the debate, I cannot support the resulting bill. But I do want to acknowledge that compared to the last conference report on this issue, the measure before us is somewhat better in some respects and certainly more so than the recently passed House bill. For example, the Senate measure does include more emphasis on energy efficiency and renewable technology, doesn't include an MTBE waiver or hand-outs to Hooters, and a few special interests were left behind, although not enough.

However, when the price of gas reaches \$3 a gallon, which some experts believe will occur within a year, and more manufacturing jobs are lost overseas due to soaring energy costs, and the next blackout occurs, and the wait lists for fuel-efficient cars grow even longer, and climatic changes increasingly affect American lives and livelihoods, the American public is surely going to judge that this Congress did not live up to the great challenge before it by passing a sound, far-reaching, national energy policy measure, despite the multiple years in the making. And, as we all know, Congress doesn't have any popularity points to squander at this time. But even more to the point is that we don't have the time to squander, now is the time we need to act to avoid disastrous economic and environmental consequences.

I am not spinning a doomsday scenario here, most of my colleagues appreciate the uncomfortable fact that these are our present energy

supply realities. That is why I believe a more appropriate title for this bill would be ``The Lost Energy and Economic Opportunity Act of 2005.'' Opportunity lost because as a body we should have the vision and the political courage to craft national energy policy that addresses the serious energy problems before us with effective, identified solutions that put us on a new course--a more secure, reliable, and smarter course. Not the same tired path this bill treads, and spending an estimated \$16 billion from the Federal Treasury to provide taxpayers' subsidies largely for wealthy energy producers and corporations.

With the passage of this bill, we will have lost the historic opportunity to craft a national energy policy that relies on the market realities of high priced oil and gas instead of taxpayer subsidies to drive our country in the direction of energy efficiency, security, and independence, as well as global environmental stewardship. It doesn't make fiscal or common sense to provide billions of taxpayer subsidies to encourage the production of energy by companies that are already gaining tremendous riches at today's sky high oil and gas prices. But this bill does just that--it gives tens of billions of taxpayer dollars to the oil, gas, and coal industries. And if this was not sufficient, the bill provides an unlimited number of loan guarantees for the construction and operation of fossil fuel and nuclear projects far into the future. As such, no one can

accurately assess how much this bill will end up costing American taxpayers. We can say with certainty that it is many times more expensive than the \$6.7 billion that the Administration wanted and even much more costly than the House bill at \$8 billion. The tax incentives alone in the Senate bill are estimated to be more than \$14 billion by the Joint Committee on Taxation. Remarkable generosity with scarce taxpayer funds.

My colleagues supporting this bill contend that these taxpayer subsidies are necessary to increase domestic energy supplies and provide incentives for technological innovation. I believe that these subsidies largely amount to a multi-billion-dollar maintenance of the status quo which will only perpetuate and exacerbate our current national energy and environmental problems for the foreseeable future.

Let me be clear. I understand the need to encourage the development and deployment of zero and low emission technologies. That is why Senator *Lieberman* and I added a comprehensive

technology title to the Climate Stewardship and Innovation Act which we offered as an amendment last week. But the incentives provided in our legislation are different in many respects from those in the Energy bill.

For example, we propose a cost-sharing program with industry for first-of-a-kind engineering designs of facilities using advanced coal gasification, nuclear, and solar technologies as well as large scale biofuel production. Subsequent users of the designs generated under the program would pay a "royalty fee" on a per facility basis which would be used to reimburse the overall costs of the program.

Following the design phase, loans or loan guarantees would be allowed for the construction phase of the first facility utilizing advanced coal gasification, nuclear, solar, and large scale

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biofuel production technologies. These loans would be repaid at the end of the construction phase, and in the case of loan guarantees, the guarantees would terminate at the end of the construction phase. This is very different from the programs authorized under the base Energy bill which provides loan guarantees over the operational life of the facilities. The approach in the underlying bill leaves the taxpayers liable for a very long time, 30 years in some cases, as opposed to a construction period of maybe 5 years in our legislation. And in our bill, we envision all assistance would be funded through the revenues from the early auction of carbon allowances to industry rather than entirely from the taxpayers pockets as would be the case in the underlying bill.

Instead of our approach, the American public is going to be saddled entirely with the expense of this bill, which is running on empty--empty of new ideas--and further running up our deficit. The fuel we should be relying on to drive our national energy policy is American consumer demand. If we allowed consumer demand to drive our legislative actions, this bill would emphasize energy efficiency across all sectors of the economy and include a reasonable and progressive CAFE standard for SUVs and all other passenger vehicles. If it were up to American consumers, we wouldn't be imposing a meaningless 8 billion gallon ethanol mandate, but instead would be making it possible for people to obtain and operate their automobiles using clean and abundant biofuels that actually reduce our dependence on foreign oil and not just provide subsidies to the ethanol producers. If it were to the American public, we would not be repealing the Public Utility Holding Company Act, PUHCA, without replacing it with alternative

protections for utility ratepayers, investors, and pension plans. Finally, if it were up to the American public, we would pass a bill that addresses global climate change: more than 75 percent of Americans believe that we need to reduce our greenhouse gas emissions and participate with our allies and other countries in a united effort. And in the process of reducing emissions, we would also improve the health of millions of Americans who suffer from asthma and other air quality-related conditions.

If these kind of policies were to be found in this bill not only would it satisfy the majority of the American public but it would significantly reduce our dependence on foreign oil while providing new jobs and financial benefits to the agricultural sector and a host of energy, technology, and service providers economy-wide. So why aren't we doing that in this bill? Why aren't we seizing the economic and environmental opportunities that are within our grasp, the available solutions to our current and future energy woes? There must be some good reason that we aren't giving the public what it wants but are giving special interests and rich corporations exactly what they want. I will leave that for the supporters of this bill to explain to the American public as we continue on our well-worn and convoluted energy path leading us no further than where we are right now. Only in the future, fuel prices will be higher, greenhouse gas emissions will be greater, and our economy, international relations, and environment will be in greater peril.