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Energy Bill Must Not Exclude Nuclear from CO₂ Fix

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The U.S. House of Representatives recently passed The Energy Independence and Security Act of 2007 (H.R. 6) to ostensibly curb greenhouse gases and promote energy independence. A central element of the legislation is the Renewable Electricity Standard, which mandates how utilities provide electricity to consumers. Unfortunately, the result will be less energy, greater dependence on foreign sources of energy, and higher prices.¹

The bill focuses too much on the process of energy production rather than on the product itself. For example, it creates so-called electricity portfolio standards that mandate only certain types of energy production.

This approach artificially eliminates energy sources that are compatible with Congress's proclaimed goals of reducing CO₂ emissions and energy dependence. Nuclear technology is a proven, safe, affordable, and environmentally friendly energy source. It can generate massive quantities of electricity with almost no atmospheric emissions and can offset America's growing dependence on foreign energy sources.

If the desired result is clean, emissions-free domestic energy, the legislation should set the target and allow the market to determine the best way forward. Any final bill should endorse free-market solutions and not force specific technologies on Americans.

Learning from the Past. The energy crises in the 1970s prompted a significant expansion of publicly

subsidized research and development for wind, solar, biofuel, and geothermal technology. Congress passed a bevy of legislation in the late 1970s and 1980s designed to spur a renewable energy movement. For instance, the Energy Tax Act of 1978 promised residential energy tax credits for wind and energy equipment expenditures and business incentives that allowed investors to receive tax credits of up to 25 percent of the cost of technology.² Subsequently, the Crude Oil Windfall Profits Tax Act of 1980, the Energy Policy Act of 1992, and the Economic Security and Recovery Act of 2001 all attempted to establish sustainable investments in, and consumption of, renewable energy.³ More recently, the 2005 energy bill required more agricultural-based renewable fuels; the proposed House and Senate versions of the 2007 energy bill would do the same.

Notwithstanding Congress's efforts, consumers have shown little faith in the ability of renewables to meet energy demands. The portion of total energy consumption provided by renewable energy sources is small and has remained relatively flat over the past 20 years.⁴ Despite decades of government largesse, the United States still only gets 2.4 percent

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of its electricity from non-hydro renewables such as solar and wind.

Nuclear Energy. Nuclear energy, on the other hand, provides about 20 percent of the nation's electricity. In and of itself, this statistic may be unremarkable. However, nuclear power continues to generate a significant portion of America's electricity despite over-burdensome regulation and decades of organized anti-nuclear propaganda.⁵ Given the fact that it emits no carbon dioxide, it would be extremely bad policy for Congress to create mandates meant to curb CO₂ emissions that do not recognize the contribution of nuclear power. Congress should not choose nuclear power over other carbon-free energy sources, but Congress should not discriminate against it either.

Let the Market Decide. The purpose of public policy should be to protect Americans' freedom to choose courses of action that best suit them as individuals; it is not to engineer an America that is consistent with a specific political agenda. Unfortunately, Members of Congress often have too many conflicts of interest and represent too many special constituencies to always make objective decisions. It simply has neither the expertise nor the moral authority to tell Americans how to generate power or what kinds of power they should consume. Every time they do, Americans end up footing a higher energy bill.

If CO₂ emissions were obstacles to individual freedom, which is certainly a debatable point, then they would be legitimate subjects of public policy. Rather than picking winners and losers, Congress should allow the market economy to find the most efficient and cost-effective solution to the proposed energy problems.

Instead of telling America how to decrease CO₂ emissions and foreign energy dependence, Congress should simply set the goals, remain technology-neutral, and allow the private sector to meet those goals. Most current energy legislation does the exact opposite. It not only sets an objective but then limits America's options on how to achieve it.

The Effect on Consumers. Washington's heavy-handedness does not respect the uniqueness of America's diversity. Every region in the nation is different and has different energy requirements. For example, according to the Energy Information Administration, the southern part of the United States, particularly the Southeast, has extremely poor wind-generating potential.⁶ This means that to meet Washington's decrees, regional utilities cannot use wind power, the least expensive and most flexible of the very expensive and inflexible renewable options. So they will have to use something else, which will be even more expensive and limiting than wind.

The irony is that most southern utilities are clamoring to build nuclear power plants. They know their market and understand that meeting energy demand projections will require substantial increases in generating capacity. Yet if passed, most current legislation will force them to divert their scarce resources toward less efficient and sometimes unworkable projects. Ultimately, these will be exposed as bad energy choices, they will fade when the subsidies go away, and the people of the Southeast will face even more energy problems than they do now.

Current legislative approaches will inevitably lead to higher costs for the consumer, which, because everyone needs energy, disproportionately

1. Ben Lieberman, "S. 1419: Bad News for Any Energy Consumer," Heritage Foundation *WebMemo* No. 1506, June 13, 2007, at www.heritage.org/Research/EnergyandEnvironment/wm1506.cfm.
2. "Legislation Affecting the Renewable Energy Marketplace," Energy Information Administration, at www.eia.doe.gov/cneaf/solar.renewables/page/legislation/impact.html.
3. *Ibid.*
4. "Energy Consumption by Source" Heritage Foundation chart, at www.heritage.org/Research/EnergyandEnvironment/upload/EC_3.pdf.
5. Jack Spencer, "Competitive Nuclear Energy Investment: Avoiding Past Policy Mistakes," Heritage Foundation *Backgrounder* No. 2064, forthcoming.
6. "Wind Resource Potential," Energy Information Administration, at www.eia.doe.gov/cneaf/solar.renewables/lands/fig13.html.

affects the poorest parts of the U.S. population. The political and social elite pushing green initiatives have the financial means to pay higher electricity prices while America's poor suffer the consequences.

Conclusion. The free market creates options and allocates resources to their most efficient use. Congress's view of a market solution for reducing energy dependence and curbing greenhouse emissions is certainly a distorted one. With enough meddling,

Members of Congress can engineer whatever outcome they like and call it a market solution. By imposing enough restrictions on America's citizens, limiting their choices, and taxing their activities, Congress can make wind and solar the only options left to produce electricity. But just because they can, it does not follow that they should.

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