



## CALIFORNIA Energy Circuit

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### Overseer's Undercurrent: CAFE, Oy Vy

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The late consensus out of Washington, D.C., is that the massive House energy bill, H.R. 3221, is a shoo-in for passage, if it can get out of the House Rules Committee--but that nobody yet knows exactly what the representatives will be voting for.

Less certain is passage of the accompanying tax bill, H.R. 2776, which expropriates almost \$16 billion of benefits from the oil and gas industry and reallocates the money to renewable resources, alternative transportation/fuels, and conservation bonds.

Cobbled together from half a dozen committees and input from hundreds of lobbyists, consultants and pundits, the 780-page House energy package introduced this week is destined to get only bigger and more confused before a final vote. Besides the huge array of matters in the original, lawmakers have raised over 100 amendments that expand, shrink, undermine, obfuscate and/or repeal much of the rest of the package or attack existing provisions of law--many of which were created relatively recently by the Energy Policy Act of 2005.

One thing we know will not be in the current bill--any strengthening of the Corporate Average Fuel Efficiency (CAFE) standards for automobiles and light trucks. Sponsors of CAFE revisions have decided that their best bet is to leverage Senate-approved CAFE standards when the bills go into conference committee later this summer.

This "take it to the committee" strategy appears to be seeping through the Beltway with regard to other energy provisions. While Speaker Nancy Pelosi has already agreed to soften harsh provisions affecting oil and gas drillers, the industry coalition that cares desperately about these issues is deferring its strongest offensive for the committee.

On the other hand, because the Senate did not include any provision for renewable portfolio standards, advocates of a national RPS are determined to be part of the bill that goes to conference, or else lose their best opportunity. While a 20 percent RPS was summarily dismissed by the entire Southeastern delegation, a second bill calling for 15 percent is being raised--anything to remain in the conference discussions and prevent an RIP for RPS.

The fluid nature of the energy package makes it quite difficult to analyze, or even characterize. Energy Secretary Sam Bodman this week observed that without CAFE, the bill "doesn't even really deal with energy." Rather than fight a hundred amendment battles, many Republicans and business groups are simply urging the White House to veto whatever Congress adopts.

Given its long-winded title, "The New Direction for Energy Independence, National Security, and Consumer Protection Act," there is certainly no surprise that the bill lacks a certain focus. That's a common condition of omnibus legislation, made worse by the Congressional tendency on energy to be years behind the real issues.

The 1992 EAct, for example, was still largely concerned with problems of the 1980s (and reactions to policies from the 1970s that turned out poorly). Congress could not even agree to

disagree about energy for more than a decade after that, waiting until 2005 even to begin to deal with things like electric transmission reliability, power markets, and all of the other concerns that wracked the utility and energy industry during the prior 13 years. Still, the bills almost completely ignore energy efficiency and conservation.

So what problems does this new bill pretend to solve? Not global warming. That is an issue for another day. The National Manufacturers Association contends that the legislation evidently doesn't include energy independence, security, or consumer protections. "In fact," says the group, "we believe the bills, if enacted, would result in higher energy costs, fewer energy supplies, a weakened domestic energy industry and more job losses for U.S. factory workers." But maybe NAM is biased, and surely its concept of "energy industry" seems limited to BP and Shell.

Still, the rhetoric of "energy independence" has always troubled me as an impossible and somewhat foolish goal. I know that for most lawmakers, the words are code for more oil/gas drilling to reduce imports of oil.

And yet they won't even consider how our import of energy-consuming products from other countries affects our economy--for good or ill. We can thank Japan for highly efficient autos, even without CAFE changes, and Singapore for flooding us with compact fluorescent lamps, while at the same time cursing Korea for portable air conditioners and suspecting China for everything else that consumes power wastefully.

But Congress still won't seriously address appliance standards, merely deferring to DOE again and again.

Rather than an "energy independence" package, I'd rather Congress was debating an "energy autonomy" bill--one that gives up on trying to push supplies and pick winning technologies, but that instead gives average people the tools they need to control energy consumption and maximize its productivity and value.

Take that to the committee.

[Arthur O'Donnell](#)