# THE REPUBLICAN REVERSAL

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President Bush on the Passage of the Energy Policy Act of 2005
*April 20, 2005*

The Administration strongly supports passage of H.R. 6 and commends the House for developing balanced national energy legislation that is largely consistent with the Administration's National Energy Policy. The bill would significantly benefit consumers by increasing energy supplies while protecting the environment and by fostering greater competition in the marketplace. It also would improve the Nation's energy security and reduce our dependence on foreign sources of oil by increasing the use and diversity of renewable energy sources and by reducing energy consumption through greater conservation and energy efficiency. We look forward to working with Congress to quickly enact energy legislation that is consistent with the President's policy.

The Administration commends the House for including an electricity title that will achieve many of the Administration's policy objectives to improve reliability, protect consumers, increase supply, and promote efficient markets. In particular, the Administration strongly supports efforts to: (1) ensure open access to the interstate transmission grid for all generators; (2) expand utility investment by repealing the Public Utility Holding Company Act (PUHCA); (3) reform the Public Utility Regulatory Policies Act (PURPA); and (4) establish mandatory, enforceable reliability rules to reduce the risk of power outages.

The Administration is pleased that the House bill promotes the use of technology to help meet the Nation's energy needs, such as authorizing funding for the President's Hydrogen Fuel Initiative.

The Administration also supports increasing the use of clean, domestically-produced renewable fuels, such as ethanol and biodiesel, and looks forward to working with Congress to ensure that a flexible, cost-effective renewable-fuels standard is included in any final energy legislation. In addition, we support the energy conservation goals for Federal agencies contained in the bill, but are concerned that the bill would terminate authority for Energy Savings Performance Contracts for all agencies other than Defense, Veterans Affairs, and Energy.

The Administration supports the bill's provisions regarding considerations for decisions on maximum-feasible average fuel economy because they ensure that fuel economy regulations do not lead to unnecessary death and injury on our roads or to unwarranted job losses in the manufacturing sector.

The Administration also strongly supports balancing energy conservation and efficiency with increasing domestic production of traditional and non-traditional energy resources. We are particularly pleased that H.R. 6 provides for the opening of a small portion of the Arctic National Wildlife Refuge (ANWR) to environmentally responsible oil-and-gas exploration and development. We similarly support provisions, consistent with the National Energy Policy and the Administration's proposed regulations, to increase

production of traditional energy resources on the Outer Continental Shelf, Federal onshore lands, and Indian lands. The Administration believes the energy bill should not contain any new taxpayer subsidies for oil-and-gas exploration.

The Administration supports diversifying our energy supply, such as through greater use of nuclear energy. Nuclear power is an important emissions-free component of the Nation's energy portfolio, and the Administration strongly supports H.R. 6 provisions reauthorizing Price-Anderson Act nuclear-liability insurance and clarifying the tax treatment of nuclear decommissioning costs.

The Administration supports adoption of EPA's 1998 Clean Air Act attainment date- extension policy for areas that will meet air standards by relying predominantly on reductions in pollution transported to those areas from outside of their borders. The Administration commends the House for providing for regional equity while maintaining the air quality goals of the Clean Air Act.

The Administration also is concerned about the significant direct and potential cost of H.R. 6. The President's 2006 Budget contained tax incentives totaling $6.7 billion over ten years, dedicated to alternative and renewable fuels, conservation, energy efficiency, and emissions-free energy. The tax incentives in H.R. 6 exceed the President's Budget and do not contain the President's proposed tax credits for renewable power sources such as wind and landfill gas, for businesses that invest in combined heat and power property, or for hybrid and fuel-cell vehicles. In addition, the bill includes unrequested direct spending, such as its diversion of Federal receipts to oil-and-gas research and to broad uses by coastal States, as well as appropriation authorization levels that in numerous cases significantly exceed the President's Budget and set unrealistic targets for future programmatic-funding decisions. We strongly urge the House to include energy tax provisions, spending, and authorization levels that reflect the President's programmatic and fiscal priorities.

The Administration supports modification of provisions as necessary to ensure appropriate consistency with authorities vested by the Constitution in the President, including the authority to conduct the Nations' foreign affairs (see secs. 636 and 807) and to submit legislative recommendations to Congress (see secs. 706(c), 1237(c), 1509 (b), 1510 (b)(2), and 1541 (c)). Also, the Administration recommends against mandating by statute new interagency bureaucratic mechanisms (see secs. 804).

Finally, the Administration is continuing to review the bill and may identify additional concerns that we will want to work on with the Congress.

Budget Estimates and Enforcement

This bill would affect direct spending and receipts. To sustain the economy's expansion, it is critical to exercise responsible restraint over Federal spending. The Budget Enforcement Act's pay-as-you-go requirements and discretionary-spending caps expired on September 30, 2002. The President's FY2006 Budget includes a proposal to extend the

discretionary caps through 2010, a pay-as-you-go requirement for direct spending, and a new mechanism to control the expansion of long-term unfunded obligations. OMB's cost estimate of this bill is currently under development.

*Source*: George W. Bush: "Statement of Administration Policy: H.R. 6 - Energy Policy Act of 2005," April 20, 2005. Online by Gerhard Peters and John T. Woolley, *The American Presidency Project*. http://www.presidency.ucsb.edu/ws/?pid=24833.