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No Cost Stimulus Expands Energy Supply and Creates Jobs

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Economists, politicians, and the public alike are questioning the viability of the massive \$787 billion stimulus signed into law. In response, Congressman Rob Bishop (R-UT) and Senator David Vitter (R-LA) recently introduced legislation that would create an estimated 2 million jobs, increase gross domestic product \$10 trillion over the next 30 years, and lower energy costs—all without a huge expense to the taxpayer.

The No Cost Stimulus Act of 2009 would do this by expanding domestic energy supply and streamlining burdensome, unnecessary environmental review processes that have placed a stranglehold on access to reliable U.S. energy sources for decades.

Offshore Drilling. Last July, President Bush rescinded White House restrictions on energy leasing in 85 percent of America's territorial waters. Overlapping congressional restrictions were allowed to lapse last October. Consequently, nearly all of our federally controlled waters are now open for energy leasing.

The Department of the Interior (DOI), which handles offshore energy leasing, then took the first step toward making this energy available in January 2009 by publishing its proposal for a five-year leasing plan for 2010–2015. An estimated 19 billion barrels of oil—nearly 30 years of current imports from Saudi Arabia—as well as substantial natural gas reserves are estimated to lie beneath these restricted areas.¹ And it should be noted that these initial estimates tend to be on the low side.

Despite wide public support for offshore drilling, the Obama Administration is already backtracking

on moving through the lease proposal as expeditiously as possible.² Secretary of the Interior Ken Salazar extended the initial 60-day comment period to six months, unnecessarily delaying the process of leasing offshore areas to energy companies for drilling and access to domestic resources.

The No Cost Stimulus bill would expedite the environmental review and lease sale process. Improved technologies have drastically reduced the environmental impact and the probability of oil spills, and while the Vitter–Bishop bill still includes an environmental review process, it would reduce needless regulatory red tape and opportunities for anti-energy activists to file administrative appeals and lawsuits.

Opening Alaska's Arctic National Wildlife Refuge. For the past few decades, the federal government has been a hindrance rather than a help in expanding America's domestic energy supply. Alaska's Arctic National Wildlife Refuge (ANWR) is likely the most infamous case. ANWR is the largest single untapped source of American oil. The U.S. Geological Survey estimates that it contains 5.7–16 billion barrels of recoverable crude oil. Assuming the middle of this range, ANWR could provide

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nearly a million barrels per day, every day it is in operation, for several decades.

This drilling would occur on only 2,000 acres of ANWR's 19 million-acre expanse and only during the time of year when the ground is frozen.³ Wildlife migration typically occurs during warmer periods, so drilling would not be disruptive to animals, most notably caribou. Only an act of Congress can open up ANWR to leasing for oil and gas production.

The No Cost Stimulus Act would allow exploration, development, and production of oil and gas in the ANWR Coastal Plain. The Vitter–Bishop bill would also ensure sales of the lease no later than 22 months after the bill passes and limit the time to file complaints to 90 days.

Furthermore, provisions in the bill would ensure that drilling is performed in an environmentally sound manner by restricting the amount of land impacted and sufficiently protecting wildlife. As with offshore drilling, ANWR presents an opportunity to vastly expand domestic energy sources while minimizing any environmental impact.

Regulatory Streamlining

Nuclear Power. While approximately 20 applications to build more than 30 new nuclear reactors have been filed or are being prepared, no permits have been issued, and no new plants have begun construction. A primary reason for the hold up is the arduous regulatory process.

The Nuclear Regulatory Commission estimates that it needs a minimum of 42 months to approve

one new nuclear power plant. The No Cost Stimulus bill would speed this up significantly by streamlining the hearing and judicial review process for permitting plants. This would compliment recent NRC efforts to speed its process to certify new nuclear reactor designs from 20 to 12.5 months.

Oil Shale. The amount of oil available through oil shale is staggering. Some estimates have 1.2 trillion to 1.8 trillion barrels of oil available in the Green River Formation.⁴ A conservative estimate of 800 billion barrels of recoverable oil from oil shale in the Green River Formation is three times greater than the proven oil reserves of Saudi Arabia.⁵ Unfortunately, though, Secretary Salazar recently rescinded leasing plans for oil shale development on federal land in Colorado, Utah and Wyoming. The No Cost Stimulus bill would allow DOI to provide the appropriate lease sales when the private sector deems oil shale commercialization possible.

NEPA and Covered Energy Projects. It takes a federal construction projects an average of 4.4 years to complete National Environmental Protection Act (NEPA) review.⁶ Consequently, there is a high probability that the billions of dollars in infrastructure spending recently passed in the stimulus bill will not be spent until years after the economy has already recovered. The No Cost Stimulus bill would place a 270-day time limit on NEPA reviews, ensuring a quick review process for energy projects on federal lands.

Backdoor Global Warming Policies. The Environmental Protection Agency (EPA), pursuant to a 2007 Supreme Court decision, has initiated steps to

1. U.S. Department of the Interior, Minerals Management Service, "Report to Congress: Comprehensive Inventory of U.S. OCS Oil and Natural Gas Resources," February 2006, p. xii, at <http://www.mms.gov/PDFs/2005EPAAct/InventoryRTC.pdf> (March 4, 2009).
2. Ben Lieberman and Jack Spencer, "Making Domestic Energy Affordable: A Memo to President-elect Obama," Heritage Foundation *Special Report* No 31, December 8, 2008 at <http://www.heritage.org/Research/EnergyandEnvironment/sr0031.cfm>.
3. Ben Lieberman, "Opening ANWR: Long Overdue," Heritage Foundation *WebMemo* No 692, March 17, 2005, at <http://www.heritage.org/Research/EnergyandEnvironment/wm692.cfm>.
4. Nicolas Loris, "'Omnibus Prohibits Oil Shale Development,'" Heritage Foundation *WebMemo* No. 1754, December 18, 2007, at www.heritage.org/Research/EnergyandEnvironment/wm1754.cfm.
5. Oil Shale and Tar Sands Programmatic EIS Information Center, "About Oil Shale," at <http://ostseis.anl.gov/guide/oilshale/index.cfm> (March 4, 2009).
6. U.S. Department of Transportation, "Evaluating the Performance of Environmental Streamlining: Development of a NEPA baseline for Measuring Continuous Performance," at <http://www.environment.fhwa.dot.gov/strmlng/baseline/section2.asp> (March 11, 2009).

bypass the legislative process and regulate greenhouse gas emissions under the Clean Air Act.⁷ The Clean Air Act is ill-suited to address global warming, and trying to do so would almost certainly unleash a costly and impractical regulatory scheme that would ensnare all manner of vehicles as well as a million or more businesses, buildings, and farms. The Vitter–Bishop legislation would block EPA’s overreaching by excluding carbon dioxide, methane, and water vapor from the list of pollutants.

The Endangered Species Act (ESA) has been used as another backdoor vehicle to reduce greenhouse gases. For example, if carbon dioxide is the agent DOI blames for the warming that supposedly shrinks ice and thus harms polar bears, then any activity producing or using energy—building a new bridge in Alabama, opening a factory or power plant in Arizona, expanding a dairy operation in New York, constructing a school in Idaho—could invoke the Section 7 consultation process. Bottom line: Environmental activists could use the ESA to hold up any of thousands of projects across the U.S. The

No Cost Stimulus would finally put an end to this by prohibiting congressional consideration of ESA as a mechanism for greenhouse gas regulations.

Sensible Energy Policy. An enormous amount of energy in a variety of forms exists in the United States that, if developed and commercialized, would create millions of sustainable jobs and largely benefit our overall economy without accumulating massive debt. Unfortunately, all of these projects are subject to burdensome regulation that needlessly stall and discourage private investments. The No Cost Stimulus Act of 2009 would fix this by opening up resources and streamlining regulatory, environmental, and judicial review processes. It would provide a real stimulus to the economy without huge costs to the American taxpayer, unlike the stimulus package and other government spending measures.

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7. See Ben Lieberman, “The True Costs of EPA Global Warming Regulation,” Heritage Foundation *Backgrounder* No 2213, November 24, 2008, at <http://www.heritage.org/Research/EnergyandEnvironment/bg2213.cfm>.