

WebMemo



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The American Conservation and Clean Energy Independence Act: A Bipartisan Pro-Energy Bill

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It is rare these days to see a congressional bill that is both bipartisan and worthwhile. This is even more true for a controversial and polarizing topic like energy. But the American Conservation and Clean Energy Independence Act (H.R. 2227) is one such bill. Its measures to increase America's offshore oil and natural gas production more than make up for the bill's shortcomings.

Unlike the leading competing bill, the Consolidated Land, Energy, and Aquatic Resources Act of 2009 (H.R. 3534), which offers nothing but lower domestic energy supplies and higher prices, this is a pro-energy measure that deserves serious consideration.

Making Better Use of America's Domestic Energy Potential. Last year, in the wake of public outrage over \$4 gas, President Bush and Congress repealed the restrictions on energy leasing in the 85 percent of American-controlled waters that had been off-limits. These waters have been estimated by the federal government to contain 19 billion barrels of oil (over 30 years of current imports from Saudi Arabia) and an equally significant 84 trillion cubic feet of natural gas.¹ Furthermore, past experience has shown that such initial estimates in under-explored areas often prove to be low.

H.R. 2227 would unambiguously open these areas and expedite the unnecessarily slow process of leasing them to energy companies. For example, it would force the Department of the Interior, which is currently dragging its feet indefinitely on approving a new leasing plan, to adhere to a spe-

cific schedule. It also reduces the time for litigation so that anti-drilling activists cannot use the legal system to add years of delays before energy production can commence.

Of course, all the existing environmental and safety provisions would apply to any new leases. State-of-the-art technologies have a proven track record for reducing the environmental impact of energy exploration and production. In fact, the risk of offshore oil spills has been reduced to such an extent that natural leakage of oil from the sea floor is responsible for far more contamination than is drilling activity.² New drilling, by reducing pressure on these natural seeps, would likely decrease the amount of oil in the water.³

The increased domestic oil and natural gas production would not only reduce future prices but also create thousands of energy industry jobs. The bill would also result in increased government revenues as energy companies must pay for the initial leases, royalties for the energy produced, annual rents, and income taxes on the profits. One study estimates that expanded offshore energy production could create 270,000 jobs and \$16 billion in government revenues in the initial years, rising to over

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1 million jobs and \$87 billion in subsequent years as more and more oil and gas comes online.⁴

Some of the revenues can also help allay environmental concerns by being targeted for environmental remediation projects. The bill also provides coastal states with increased control over drilling decisions and a 30 percent share of the revenues.

The bill does have shortcomings. Much of the revenues retained by the federal government are targeted for energy research as well as subsidies and tax credits for various alternative energy technologies. Such government meddling in energy markets and attempts to pick winners and losers among various alternatives has been tried since the 1970s and has rarely proven to be anything more than a waste of money.

The Best Bipartisan Energy Bill in the House.

The bill's chief sponsors include Neil Abercrombie (D-HI) who has long believed that responsible offshore energy production can be expanded while addressing any environmental concerns. And he is right. Other Democrats like Jim Costa (D-CA) and Tim Walz (D-MN) have also played a key role in this bill along with Republicans Tim Murphy

(R-PA), Shelley Moore Capito (R-WV), Joe Wilson (R-SC), and Lee Terry (R-NE). Similar Republican-sponsored measures go even further in expanding domestic access and reducing red tape but have thus far failed to garner bipartisan support.⁵

The leading House bill addressing energy production is H.R. 3534. This bill does not allow any new leasing at all but focuses instead on placing new restrictions and costs in those areas where drilling is allowed. H.R. 3534 would likely result in less domestic oil and gas in the years ahead—hardly the right strategy given the nation's growing energy demand.

An Easy Decision. Choosing between a bill that promises less energy and higher prices and one that promises more energy and lower prices should be about the easiest decision Congress can make. The ideas contained in H.R. 2227 would produce this energy in a way that is environmentally sound and would help the economy recover more quickly.

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2. National Research Council, "Oil in the Sea III: Inputs, Fates, and Effects," 2002, at http://dels.nas.edu/dels/rpt_briefs/oil_in_the_sea_final.pdf (September 23, 2009).
3. Tom Tanton, "Eco Group Calls for Oil Recovery," Heartland Institute, September 1, 2008, at http://www.heartland.org/policybot/results/23685/Eco_Group_Calls_for_Oil_Recovery.html (September 23, 2009).
4. Joseph Mason, "The Economic Contribution of Increased Offshore Oil Exploration and Production to Regional and National Economies," American Energy Alliance, February 2009, at http://www.americanenergyalliance.org/images/aea_offshore_updated_final.pdf (September 23, 2009).
5. The American Energy Innovation Act (H.R. 2828), the No Cost Stimulus Act (S. 570 and H.R. 1431), and the American Energy Act (H.R. 2846).