

ISSUE BRIEF

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Ernest Moniz: In His Own Words

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The President and his first-term Administration have encumbered American energy policy with subsidies, mandates, and micromanagement. Energy Secretary nominee Dr. Ernest Moniz seems to offer a seamless continuation of this approach by advocating a policy that dictates or manipulates the production, use, and path of energy in America from Washington. While energy policy is often more complex, the following quotes and excerpts are meant to provide some insight into Dr. Moniz's thinking on a particular set of issues.

On Climate Change.

De-carbonizing...really is the big game-changer... but there's enormous pressure to provide energy services for nine to 10 billion people by mid-century.... We better have a bridge to somewhere... and that somewhere is ultimately zero-carbon sources like nuclear, carbon sequestration and renewable energy.¹

De-carbonizing America's energy use through regulation, carbon taxes, and subsidies would indeed be a game changer—but for its adverse effects on American families, not for global temperatures.

The only things these policies have accomplished so far are higher energy costs, wasted taxpayer dollars, greater regulatory inefficiency and cronyism, and a deceptive message to the world that America is “doing something” about global warming.

The single greatest hurdle to inexpensive and reliable energy Americans face is government micromanagement and market intervention in the energy sector. The Department of Energy (DOE) should reduce its role in attempting to commercialize energy technologies, not increase it.

On Efficiency.

The number one thing is demand reduction, that's clear.²

Rather than serving the American people, federal energy efficiency mandates and subsidies belittle them. Americans already invest in upgrades when it makes sense for their budgets and when their preferences to save money through efficiency outweigh other factors. It is stretching credulity to say that the federal government can better make cost decisions for Americans buying appliances, cars, or new windows or has longer foresight than businesses trying to save energy expenses. But this is exactly what federal “demand reduction” policies do.

Mandating and subsidizing efficiency only concentrates tax dollars to and manipulates private investment toward certain types of efficiency, making it difficult for innovation outside those politically correct bounds.³ The DOE should work with the Environmental Protection Agency (EPA) to promote voluntary programs such as EnergyStar and end all price-distorting energy subsidies so that

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Americans can pursue efficiency increases based on actual energy cost data.

On Coal.

There is no credible pathway toward prudent greenhouse gas stabilization targets without CO₂ emissions reduction from existing coal power plants.... We may not see a strong CO₂ price signal for many years. In the interim, we need a large, focused, federal program to develop and demonstrate commercial-scale technologies.⁴

Coal has room in Moniz's vision of a federally orchestrated carbon-free energy sector only if it includes carbon-capture and sequestration (CCS) technology. The DOE has several unnecessary programs that are intended to make CCS technologically and commercially viable, and as the EPA finalizes its punitive rules that place strict limits on greenhouse gas emissions from new power plants, existing coal-fired plants have reason to worry that Washington will force CCS on them.⁵

Both the greenhouse gas regulations and the CCS pilot programs are pointless, costly, and ineffective. Any top-down, unilateral efforts to mandate CCS are powerless to significantly dent global temperatures, because much of the developing world, along with the U.S., has turned to coal as an efficient and inexpensive way to provide electricity.

Congress should remove funding for CCS programs and prohibit the EPA from implementing regulations that would require the technology in the first place.

On Natural Gas.

In the very long run, very tight carbon constraints will likely phase out natural gas power generation in favor of zero-carbon or extremely low-carbon energy sources such as renewables, nuclear power or natural gas and coal with [CCS].⁶

Natural gas is Moniz's low-carbon-emissions "bridge" to a zero-carbon America, but even that, he believes, should be phased out. Yet there is enough natural gas in America to meet all of current domestic demand for natural gas for the next 175 years, and natural gas production has been a critical driver of economic growth and job creation over the past few years. Oil and gas development is projected to create 549,000 jobs by 2020 and add billions of dollars in gross domestic product from exports.⁷

Markets should determine natural gas's role in America's energy portfolio, not a federally imposed plan dictated by political preference.

On Liquefied Natural Gas (LNG).

A global "liquid" market in natural gas in which supply sources are diverse and gas prices are transparent, set by supply and demand with price differences based on transportation costs, is desirable.... Modeling suggests that the integration of [North American, European, and Asian pricing structures and] markets would result in substantially lower consumer prices for US consumers.⁸

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1. Jennifer Chu, "Moving Climate Change Regulation Forward," *MITnews*, April 25, 2011, <http://web.mit.edu/newsoffice/2011/stern-mit-visit-0425.html> (accessed April 4, 2013).
 2. David Chandler, "What Can Make a Dent?," *MITnews*, October 24, 2011, <http://web.mit.edu/newsoffice/2011/energy-scale-part1-1024.html> (accessed April 4, 2013).
 3. See Nicolas D. Loris, "Energy Efficiency, Not Efficiency Mandates," Heritage Foundation *Issue Brief* No. 3876, March 14, 2013, <http://www.heritage.org/research/reports/2013/03/why-energy-efficiency-is-good-energy-efficiency-mandates-are-bad>.
 4. *MITnews*, "Cutting CO₂ Emissions from Existing Coal Plants," June 19, 2009, <http://web.mit.edu/newsoffice/2009/coal-0619.html> (accessed April 4, 2013).
 5. See Nicolas D. Loris, "The Assault on Coal and American Consumers," Heritage Foundation *Background* No. 2709, July 23, 2012, <http://www.heritage.org/research/reports/2012/07/the-assault-on-coal-and-american-consumers>.
 6. News release, "MIT Releases Major Report: The Future of Natural Gas," MIT Media Relations, June 25, 2010, <http://web.mit.edu/press/2010/natural-gas.html> (accessed April 5, 2013).
 7. Citi Global Perspectives and Solutions, "Energy 2020: North America, the New Middle East?," March 20, 2012, <http://fa.smithbarney.com/public/projectfiles/ce1d2d99-c133-4343-8ad0-43aa1da63cc2.pdf> (accessed April 5, 2013).
 8. News release, "MIT Releases Major Report: The Future of Natural Gas." Dr. Moniz served as chair of this study.

Dr. Moniz's perspective on an accessible natural gas market bodes well for the future of natural gas exports. Exporting natural gas would provide a tremendous benefit for the American economy, as it would expand market opportunities and increase America's overall economic welfare. Prices should be set by the market, and the federal government should not arbitrarily restrict imports or exports of natural gas.

Thus far, the DOE has granted only one permit out of the 17 applications the EPA received to export domestic LNG. All applications looking to export to countries America has free trade agreements (FTA) with have automatic approval, but they are under DOE review for approval to export to non-FTA countries. The DOE's role in permit authorization is completely unnecessary.

Congress should remove all decision rights from the DOE and prohibit any federal agency from determining natural gas exports.⁹

On Nuclear Waste.

Instead of being stored near reactors, spent fuel should eventually be kept in dry casks at a small number of consolidated sites set up by the government where the fuel could stay for a century.¹⁰

Dr. Moniz is addressing the nuclear waste issue from the wrong perspective. His point of reference is that the federal government should remain responsible for nuclear waste management and disposal; he then puts forth his remedy for fixing the problem within that framework. But the government is not the right institution for managing nuclear waste.

Nuclear waste is the byproduct of a commercial activity, and its management must be understood as part of the commercial process.

Instead of trying to develop solutions within a flawed system, Dr. Moniz should take this opportunity to lead a reform effort that would give nuclear waste producers responsibility for nuclear waste management, allow for market-based pricing for nuclear waste management services and competition in the marketplace, and limit the government's role to citing a single permanent repository and providing regulation.

Past Is Prologue? Based on these quotes and excerpts, Dr. Moniz seems to share the failed notion that politicians and bureaucrats can successfully orchestrate the energy economy. As Secretary Steven Chu before him demonstrated, not even a Nobel Laureate is wise enough to pull off that feat. So perhaps Dr. Moniz will learn from his predecessors and refocus the DOE away from economic intervention and toward those limited areas where government can help, such as basic research and development.

Rather than more government spending and programs to quicken technology advances or manipulate how energy is used, Dr. Moniz should trust the ingenuity and initiative of Americans to tackle energy challenges themselves.

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9. See Nicolas D. Loris, "U.S. Natural Gas Exports: Lift Restrictions and Empower the States," Heritage Foundation *Backgrounder* No. 2767, February 11, 2013, <http://www.heritage.org/research/reports/2013/02/us-natural-gas-exports-lift-restrictions-and-empower-the-states>.
10. Ernest Moniz, "Why We Still Need Nuclear Power," MITeI, November 2, 2011, <http://mitei.mit.edu/news/mitei-news/why-we-still-need-nuclear-power> (accessed April 4, 2013).