


An Enigmatic Kerry-Edwards Energy Plan

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The eight-page [Kerry-Edwards energy plan](#) reads more like a new age feel good tome than a policy program. Its specific proposals are either self-contradictory or depend on passing unusual legislation that would repeal the laws of economics, chemistry and thermodynamics.

Kerry claims it will make the U.S. independent of Middle East oil, lower American energy bills, save jobs and clean the environment. And, best of all, it's "revenue neutral," Washington-speak for "free."

However, Kerry has committed, as president, to keep all federal spending other than healthcare and education below the rate of inflation. He's also on record supporting sending 40,000 more troops to Iraq. Unless he's planning not to train, equip or feed those troops he can't keep both commitments *and* have an energy program that requires lots of new money. So, Sen. Kerry says, "C'est un solution miraculeuse! Free money."

Of course, free in Washington doesn't mean the same as free elsewhere on planet Earth. Actually, Kerry's plan costs \$30 billion. Sen. Kerry's "free" comes in because the 30 large will be made up from savings in the federal government's electricity bill. *Allors, oui*, the déjà vu of capturing savings from "government waste and fraud."

But, if we grant him the benefit of the doubt, where will all this money go?

The plan's centerpiece is the creation of a \$20 billion "Energy Security Trust Fund," the proceeds of which will be made up of the royalties the federal government collects from leasing out federal property to oil and gas developers.

From this slush - oops, I mean trust - fund, \$10 billion will subsidize the auto companies to develop hybrid cars. It's not clear whether any of these federal funds will be outsourced to Germany-based Chrysler-Daimler. Another \$5 billion will be used to pay for a \$5,000 tax credit for folks who can afford to buy a PC ride.

But if hybrid cars make economic sense the Big Three, with a combined market capitalization of about \$97 billion, would find the doors to the capital markets wide open to finance the investment. Michigan's 17 electoral votes are important, but \$750 million each borders on the excessive.

Today, receipts from the federal oil and gas royalty program find their way into a variety of government accounts. About \$325 million a year is distributed to state governments. If President Kerry's plan fails to reduce the federal government's electricity bills and he can't repay the royalty funds, some state governors will be left with gaping state budget holes.

For example, New Mexico takes about \$145 million of that total. I suspect Sen. Kerry would have some 'splaining to do to his good friend Gov. Bill Richardson if suddenly New Mexico had to replace that loss. And I can only imagine the headlock Gov. Schwarzenegger might put on Sen. Kerry if he stiffed California out of its share.

Where the Kerry plan descends into the realm of near fantasy, however, is its over-reliance on renewable sources of energy as replacement for "Middle East oil."

Sen. Kerry reprises President Carter's 1978 mandate that 20% of U.S. electricity come from renewable sources by 2020. Today less than 2% does. This is where the laws of nature come in conflict with Mr. Kerry's vision of energy independence *and* lower consumer energy bills.

Sen. Kerry's plan makes a huge commitment to renewables and vegetation-based petroleum substitutes. The problem is that the laws of thermodynamics dictate that renewables have a net negative energy value relative to petroleum. It takes more energy to produce the renewable fuels than is generated by them. So even in the face of \$45 oil, renewables will cost the consumer more at the pump and at home.

He is most confused about coal. Here it looks as if the environmental and energy advisors forgot to compare notes and both groups forgot to consult their high school chemistry books. Sen. Kerry is firmly committed to reducing carbon dioxide emissions into the atmosphere. Yet in his plan he says that coal is a central part of his 21st century energy solution. Problem is, when you burn coal you get carbon dioxide; it's in the textbooks. He can only have it both ways if Congress repeals the laws of chemistry.

Possibly the most dangerous part of the plan is its unequivocal rejection of the permanent high-level nuclear waste depository at Yucca Mountain, Nevada. The bulk of scientific thought is that this site is the safest repository for the waste. Nonetheless, Kerry is willing to cancel it.

The consequence means that for the foreseeable future all high-level waste would stay stored in pools at nuclear power plant sites. Pools, which in many states, reside near drinking water tables. And with the continued dispersion of waste sites, high-level nuclear material will be more easily available to terrorists.

It's high time for us to get sensible about an energy policy. But this is not it. American energy independence is a fantasy that needs to be discarded before we can appreciate the proper way to think about the energy relationship the U.S. has with the rest of the world.

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