

OPINION

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AP Photo/Gary Kazanjian
Oil derricks near the La Paloma Generating Station in McKittrick, Calif.

Associated Press
Wind turbines in the Columbia River Gorge.

Should the U.S. bail out failing energy producers?

PRO: They are America's aces in the hole in a competitive energy world

TAMPA, Fla. — The key to ample supplies of energy resources rests with which are sustainable and which are not.

While oil and gas may be abundant now, that does not mean these fossil fuels will be all that available in the future.

Wind energy, of course, does not carry all the environmental risks associated with oil and gas, and the presence of wind is pretty much eternal.

If safety measures are strictly followed, carbon-free nuclear energy is also a viable option — especially as the horrors of Chernobyl fade into the past.

For years, the oil and natural gas industries have benefited from generous federal government subsidies. Why should the wind and nuclear industries, now in need of similar subsidies, be any different?

The simple answer is that they should receive the same degree of concern by Congress and the Trump administration as the politically well-connected oil, gas and coal industries.

Renewable energy sectors like wind and nuclear employ some 500,000 people around the United States.

If jobs are of interest to the White House and Congress, a high priority should be afforded to the half-million employees — located in every state — in the wind and nuclear industries as is extended to oil and gas workers in a dozen states that include Texas, Louisiana and Oklahoma.

Workers at hundreds of factories that produce wind turbines could lose their jobs if the wind energy sector collapses.

Furthermore, the nuclear power industry currently provides one-fifth of America's energy, hardly a trifling percentage. Nuclear energy alone accounts for half of Illinois's energy production.

As far as safety is concerned, horizontal hydraulic fracturing for natural gas has been responsible for far more damage to the environment than either the wind or nuclear sectors.

The worst-case situation for the U.S. nuclear industry, the 1979 Three Mile Island nuclear reactor accident, did far less damage to Pennsylvania than the pollution of groundwater aquifers in the state caused by the fracking industry.

Attempts to bail out Pennsylvania's

faltering nuclear energy sector met with fierce opposition from state capital fracking lobbyists in Harrisburg, who have managed to ensure that a nuclear energy bailout package is dead-on-arrival.

Against such lobbying efforts, a federal assistance boost to wind and nuclear energy in Pennsylvania and other states is critical.

Federal tax credits have boosted the renewable energy sector to a degree not seen with their fossil fuel counterparts.

Considering the environmental damage caused by fossil fuel exploitation, wind and nuclear energy should receive the same degree of federal government support as that given to the lobbyist-intensive fossil fuel industry.

Also, the world's supply of oil and natural gas is finite. Fossil fuels are simply not renewable. Mexico, a major oil producer, saw its Cantarell field reach peak production in 2004. Saudi Arabia and Kuwait have concluded that their own oil reserves are in decline.

Because of that, the governments of the Persian Gulf region have started to diversify their economies.

Saudi Arabia and the United Arab Emirates are investing in nuclear. The first Arab nuclear

reactor was completed this past March in Abu Dhabi, the UAE's capital. The Saudis also are developing a wind plant in northwest Saudi Arabia and plan to have renewables produce 9.5 gigawatts of energy by 2023.

When the Saudis begin to deal with running out of oil, why shouldn't the United States take heed of the problem?

Reliance on substitute renewable energy sources like wind and nuclear is the only feasible alternative to fossil fuels. It makes sense for the federal government, working in partnership with the states and private industry, to focus its attention on boosting the renewable energy sector, especially when it is facing financial decline.

Wayne Madsen is a progressive commentator whose writings have appeared in U.S. and European newspapers.



Wayne Madsen

CON: Spending millions on bailouts will send consumer bills soaring

WASHINGTON — It may seem that Americans don't agree on much these days, but just about everyone agrees that government intervention in electricity markets is a bad idea.

From The Wall Street Journal to the Los Angeles Times, electric grid operators to economic analysts, natural gas producers to renewable energy advocates, Democrats to Republicans — it's hard to find anyone who supports bailing out unprofitable coal and nuclear plants at the expense of consumers.

But the Trump administration is considering a proposal to do just that.

First, some background. The United States leads the world in natural gas production, and the resource's ready availability and advantages as a fuel source have made it an appealing choice for electricity providers.

So much so that it's become the leading source of power generation in the United States, powering nearly one in three homes and delivering a win-win situation for consumers and power generators.

On the consumer side, clean natural gas-supplied power has lowered utility costs for homes and businesses while driving carbon emissions to 25-year lows.

On the power producer side, natural gas has enhanced the reliability and resilience of America's electric power system.

Bottom line: Natural gas has earned its share in power markets, and those markets are succeeding in providing affordable, reliable electricity to consumers.

It's a clear case of "if it ain't broke, don't fix it." Only unprofitable coal and nuclear plants, struggling to compete with ascendant natural gas, disagree. Rather than compete fair-and-square in the free market, nuclear and coal companies are seeking bailouts in several states and now at the national level.

U.S. homes and businesses should not have to pay to prop up specific fuel sources, but a new study shows they could be on the hook for up to \$17 billion per year — whether in taxes or higher electric-

ity rates — if bailouts move forward.

U.S. manufacturers, who have enjoyed an economy-boosting renaissance thanks to affordable energy, are under no illusions about the impact.

When the Federal Energy Regulatory Commission considered and rejected bailouts earlier this year, a coalition of manufacturers — including the American Iron and Steel Institute, Electricity Consumers Resource Council and American Forest & Paper Association — argued that subsidizing "coal and nuclear generation and their jobs" would "increase the electricity costs by many millions of dollars for untold numbers of businesses and consumers ... putting at risk a far larger number of U.S. manufacturing jobs that face considerable pressure from foreign competition."

That's a lot of cost, and at what benefit?

Bailout supporters argue everything from grid reliability to national security as justification for subsidies. But power grid operators themselves have shot down those claims.

PJM Interconnection, which manages power markets in 13 states, has stated: "This is not an issue of reliability ... Nothing we have seen to date indicates that an emergency would result from the generator retirements."

On top of cost increases, forcing operators to make their fuel purchases based on government mandates, not on what's best for consumers, would set a troubling precedent.

As the Washington Post editorial board recently pointed out, if the Trump administration implements subsidies for coal and nuclear plants, "it would be hard to stop the next Democratic president from, say, using emergency powers to force the purchase of renewables at the expense of coal, oil and natural gas."

That's one of many unintended consequences we risk when the government starts picking winners and losers in the market.

America's power system will continue to rely on multiple fuels — including natural gas, nuclear, coal, hydro, wind and solar — for decades.

But if the competitive market, not government intervention, that is the best approach to ensure the optimal mix to keep delivering affordable, reliable power to American families and businesses.

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Todd Snitchler

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