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The OPEC Energy Security Act

House Democrats have finally released the details of their "Energy Security Bill," which will be voted on this week, and they must be cursing their rotten luck. Just when they want to stick it to Big Oil for alleged price gouging, oil and home heating costs are plunging. Never mind; this was a campaign theme amid \$3 gasoline, and a detail like \$2 gas isn't about to stop Democrats now.

This bill is said to promote America's energy independence, but the biggest winner may be OPEC. This is a lengthy, complicated bill, but the central idea is simple: Raise taxes on domestic oil producers and then spend the money to subsidize ethanol, solar energy, windmills (so long as they're not on Cape Cod), and so on. But if you increase the cost of domestic oil production by \$10 billion, you are ensuring that U.S. imports of OPEC oil will rise and domestic production will fall.

The bill also includes a "Strategic Energy Efficiency and Renewables Reserve" fund for alternative fuels. That sounds a lot like the Carter-era Synthetic Fuels Corporation -- one of the more notorious Washington boondoggles of all time, having spent \$2.1 billion of tax dollars on alternative fuels before declaring bankruptcy. Today there is no under-investment by the private sector in alternative energy. The research firm New Energy Finance has found that between 2004 and 2006 investment in alternative energy doubled to \$63 billion. Venture capital funding of green-energy technologies has quadrupled since 1998.

The Democrats also insist that the big five oil companies have received sweetheart deals from the government that have ripped off taxpayers. So let's take a closer look. The most controversial issue involves \$6 billion in royalty payments that oil companies are said to owe the government for oil pumped from federal waters. The facts suggest otherwise.

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