Energy bill does little more than bash autos

by The Detroit News

A modified energy bill has had to be stripped by the U.S. Senate of most of the House language that offended various special interests. What's left, however, is legislation that almost exclusively burdens the automobile industry. If such a version of the legislation makes it to the president, it deserves a veto.

The legislation can't rightly be called an "energy bill," since it does nothing to lay the strategic groundwork for responsible future energy production and use. Instead, it is an anti-automobile bill, pure and simple.

About the only impactful provision that remains in place is the mandate for a 40 percent increase in corporate average fuel economy by 2020, or a fleet-wide industry average of 35 miles per gallon.

This demand would cost Detroit's automakers an estimated $80 billion to meet, plus billions for other automakers. That price tag was not seen as too onerous by senators who worked feverishly throughout the day Thursday to spare most other industries any pain.

For example, the bill erases the $21.8 billion in additional taxes the oil and gas industries would have paid under the House version.

A proposed mandate that utilities get 15 percent of their electricity from renewable resources will disappear.

And the bill is being seasoned with hundreds of millions of dollars in pork for coal miners in Kentucky and fishermen in Alaska to buy a few extra votes. But the automobile industry is being spared nothing. Michigan Sens. Carl Levin and Debbie Stabenow, both Democrats, lobbied to guarantee the automakers would face just one set of regulations.

But as it stands, the bill does not clarify with certainty that the fuel economy levels set by Congress will be the national standard.

Federal court rulings in California and Vermont cases extended the right to set fuel economy levels to the Environmental Protection Agency in the name of curbing tailpipe emissions.

The rulings allow states to petition the EPA for their own CAFE mandates and could ultimately mean automakers would have to produce different vehicles for different regions of the country, or withdraw entirely from certain markets. The regulatory ambiguity will cost the industry an estimated 5 percent of its sales and add $1,500 to $6,000 to the cost of a vehicle.

The best Levin could do was to gain from the bill's sponsor, Sen. Diane Feinstein, D-Calif., and Commerce Committee Chairman Daniel Inouye, D-Hawaii, statements on the record that their intent is for congressional fuel economy levels to be the national standard, and that regulations by the National Highway Traffic Safety Administration and the Environmental Protection Agency must be consistent. The statement is better than nothing, and Levin deserves credit for winning it for the industry.

But it is far from the certainty automakers would get from specific language in the legislation that would spare them the unfairness of inconsistent regulations.

Unfortunately, there weren't enough votes for such language.

Along with squeezing automakers, the bill provides some tax incentives for conservation and efficiency, and a commitment to producing ethanol and other alternative fuels.

But the legislation is not by any stretch a strategic national energy policy. When it hits his desk, President Bush should send it back to Congress with a veto.

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