



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

September 16, 2008
(House)

STATEMENT OF ADMINISTRATION POLICY

H.R. 6899 – Comprehensive American Energy Security and Consumer Protection Act (Rep. Rahall (D-WV) and 3 Cosponsors)

The Administration strongly opposes H.R. 6899. At a time when American families are in need of genuine relief from the effects of high fuel prices, this bill purports to open access to American energy sources while in reality taking actions to stifle development. Specifically, though H.R. 6899 would open the Outer Continental Shelf (OCS) to oil and gas exploration in some circumstances, it would do so only in combination with other provisions rendering this opening ineffective. This bill does not allow for revenue-sharing with States, eliminating a critical incentive for them to permit exploration off their shores. Moreover, this bill would replace current, temporary prohibitions on OCS leasing with permanent prohibitions against accessing significant amounts of our OCS oil and gas resources. If H.R. 6899 were presented to the President, his senior advisors would recommend that he veto the bill.

Many of the other provisions contained in this bill are taken from other House bills that failed to pass through the Congress, or have been subject to veto threats. Including these poison pills further demonstrates a lack of seriousness about expanding access to the vast domestic energy resources in the OCS. These include: (1) imposing targeted tax increases on energy companies, which would reduce domestic production, increase energy costs, reduce the competitiveness of American companies doing business abroad, and hurt the U.S. economy; (2) imposing a one-size-fits-all national renewable power mandate that ignores regional differences, effectively overriding the individual mandates or policies established by more than 25 states, and increasing electricity costs in States where there are relatively few renewable resources; (3) drawing down the oil in the Strategic Petroleum Reserve simply to manipulate prices, and reducing our ability to respond to severe energy supply disruptions (demonstrated most recently during Hurricanes Gustav and Ike) and thereby jeopardizing the Nation's energy security; (4) forcing holders of certain deepwater oil and gas leases issued in 1998 and 1999 by the Clinton Administration to renegotiate the terms of their leases or pay an excessive fee in order to remain eligible to bid on new leases; and (5) expanding the application of Davis-Bacon Act prevailing wage requirements contrary to the Administration's long-standing policy of opposing statutory attempts to expand or contract the Davis-Bacon Act.

In addition, this legislation contains several new proposals that would be ineffective and costly. Instead of clearing the way for the development of the nation's vast oil shale resources, this bill would erect new barriers to that development. The legislation also does nothing to increase the development and deployment of reliable, clean, and safe nuclear power.

Less than a year ago, we came together to pass an historic energy bill that dramatically increases the renewable fuels mandate and vehicle fuel efficiency. By focusing on areas where there is bipartisan consensus, we produced real solutions. We need to replicate that model for success

again this year. The President has called on Congress to enact three responsible energy proposals that enjoy bipartisan support. As the end of the 110th Congress draws near, instead of wasting time with legislation not designed with intent to enact, Congress should instead: (1) lift the current legislative ban on exploration of the OCS, which could eventually produce the equivalent of 10 years of the Nation's current annual oil production (the President lifted the executive ban in July); (2) lift the current restriction on oil shale leasing to allow the development of this vast resource that, if fully realized, could produce the equivalent of more than a century's worth of oil imports at current levels; and (3) extend and improve existing renewable energy tax credits by creating a single tax incentive program that would be carbon-weighted, technology-neutral, and long-lasting.

The Administration stands ready to work with Congress to enact responsible energy legislation this year.

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