

## Energy Supply Diversity

One critical measure to provide both energy security and to provide consumers with abundant, affordable energy supplies is to improve the diversity of energy supplies.

This must be accomplished in a variety of ways, but most importantly, is to embrace the concept of keeping all energy options open.

Government policy makers should identify barriers to energy resource development and to energy efficiency and wherever possible strive to remove these barriers. Often these barriers were created by government action, either legislative or regulatory actions in an era vastly different from the first decade of the twenty-first century.

Restrictions on energy production, transportation and utilization may not recognize strides in technology, changing economies, domestic geopolitical shifts, environmental protection and more recently, the need to drastically improve our homeland security.

Specific options that promote energy supply diversity include:

- Develop consistent land administration and access policies and procedures among the numerous federal and state agencies that oversee energy production and development.
- Work closely with our North American Free Trade Agreement (NAFTA) neighbors to create a “shock absorbing” energy system, one that ensures efficient development, trade and use of energy production, development, transmission and end use.
- Use loan guarantees, investment tax credits and accelerated depreciation to attract capital to energy projects that often require large sums of money and provide only low to modest returns on investment.
- Encourage energy infrastructure investments in all sectors—production, transport, transmission and end use—by streamlining regulations that are redundant or conflicting.
- Diversify electrical generating facilities and ensure adequate returns that will attract the necessary investment in transmission and delivery systems in order to overcome transmission congestion, regional isolation and to increase the redundancy in the electric system.
- Reform tax codes that limit infrastructure investment.
- Allow refiners and other energy producers to recapture the full cost of meeting new environmental regulations.

- Encourage the use of advanced clean coal technologies that are more efficient and reduce emissions.
- Encourage the restructuring of wholesale electricity markets and trading arrangements as sought by the Federal Energy Regulatory Commission by removing tax impediments to the spin-off of transmission assets and tax provisions that prevent the full participation of state and locally owned utilities and rural electric cooperatives in emerging competitive markets.
- Allow electric utilities to depreciate property used in the transmission or generation of electricity on an accelerated basis.
- Repeal the Contribution In Aid of Construction (CIAC) tax.
- Encourage deployment of renewable energy supplies when doing so will strengthen the energy infrastructure and/or increase U.S. energy security.

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