

U.S. Energy Policy

The production, transportation and distribution of electrical energy is critical to the success of the United States economy, preservation of our national security and provides work for substantial numbers of members of AFL-CIO affiliated unions. Reliable and affordable energy is also the lifeblood of the manufacturing, transportation, construction and service industries. Unilateral energy price increases in the United States that do not affect many of our trading partners would place U.S. industries at a competitive disadvantage and cost U.S. jobs.

Government policies are emerging that threaten to destabilize the electric utility industry, raise energy prices, and cause unemployment among our members. Among these policies are electricity restructuring, the Kyoto Protocol, and the looming debate over the relicensing of nuclear and hydro electric facilities. Over the coming decade, each of these issues could have significant effects on our members and the industries in which they work.

Electricity restructuring is proceeding at the federal level despite the fact that the U.S. electric utility industry is the safest, most reliable, and the lowest-cost producer of electricity in the world. Restructuring has already prompted the consolidation and merger of numerous utility companies, often to the detriment of the employees. At the same time, restructuring will make utility companies more averse to capital construction outlays for generations and the application of technology to solve environmental problems.

The Kyoto Protocol, if ratified by the U.S. Senate or implemented through regulatory processes, could have a devastating impact on the U.S. economy and American workers. This would significantly alter the current mix of generating sources by reducing the consumption of domestic coal and increasing the consumption of foreign gas, thereby increasing electricity prices. In addition, implementation would significantly raise the cost of all forms of energy, affecting workers in manufacturing, transportation, construction and service industries, as well as those involved in energy production and distribution. Economic forecasts have shown that more than one million American jobs are at risk, energy prices could increase significantly, and the United States will have created an additional incentive for American companies to locate offshore.

While our nation considers restructuring the electric utility industry and the implications of the Kyoto Protocol, the licenses to operate many of our nuclear and hydro electric facilities will expire. While these events dovetail with respect to timing, they conflict with respect to results. If the restructuring of electricity makes utilities reluctant to make capital investments, how will we ensure that needed capacity is available for summer and winter peak loads and future electricity demands? If a drastic shift in environmental policy disallows 55 percent of our primary fuel source for electricity

generation--coal--what fuel can reasonably be expected to take up the slack? And if nuclear and hydro facilities are not relicensed, what generating sources will be used to produce electricity? These hard questions need honest answers because fuel diversity is the cornerstone of the nation's energy security.

The AFL-CIO calls upon the Administration for serious debate about an energy policy covering all aspects of America's future energy needs before any piecemeal policies are carried out. We are concerned that current proposed strategies regarding electricity restructuring and the implementation of carbon reduction measures called for by the Kyoto Protocol may be in conflict and not in the best interest of our nation.

The AFL-CIO supports a policy of fuel diversity in the electric utility industry. We must maintain all current generating options, including fossil fuels, nuclear, hydro and renewables to ensure a stable, reliable and low-cost supply of electricity for the United States. Misguided efforts to restructure the industry must not sacrifice the reliability of our electricity supply.

Discussions regarding the Kyoto Protocol or global warming must include the utilization of all technologies that can reduce the concentration of carbon in the atmosphere, for example: clean coal technology, natural gas innovations, hydro, nuclear, oil, wind, solar and geothermal. The AFL-CIO reaffirms its opposition to the Kyoto Protocol.