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Virginians Believe Energy Regulators Have Run Amok

By Michael Thompson

9/13/2012 – Our business and political leaders here in Virginia should work together to educate Washington bureaucrats with the goal of easing or eliminating unnecessary regulations on petroleum industry refiners as well as the 25 Virginia companies that provide products and services to the refining and petrochemical industries.

Recent industry figures indicate that oil and natural gas industry operations in Virginia contribute to the employment of more than 128,000 residents, provide more than \$6.5 billion in labor income and add more than \$11.6 billion in value to Virginia's economy. Workers in the refining industry earn an average hourly wage nearly 50 percent higher than the national average and enjoy a safety performance nearly five times that of average manufacturing workers. If some are skeptical of these industry figures, discount them by 50% and they are still impressive numbers. With the potential to create even more energy-related jobs in our Commonwealth, it's sad and maddening to find examples of federal regulators run amok.

For instance, although American refineries have reduced gasoline sulfur levels by [90 percent](#) since 2004, the EPA is demanding additional reductions despite little evidence that this would produce any significant additional health or environmental benefits.

Unfortunately, this illogical federal mandate is hardly an exception. According to a recent national [survey](#) conducted by MWR Strategies, a nationally respected polling company, 65 percent of respondents agreed that federal regulations result in more costs than benefits. Further, 77 percent agree that the federal government needs to adopt a more reasonable approach to regulation.

And 87 percent of the survey's respondents believe that the government should allow enough time to determine if existing regulations are effective before adding more. Clearly, federal regulators don't share the common-sense thinking of a vast number of our fellow citizens.

Federal regulations on energy are having a direct impact on consumers' pocket books. For instance, 10 percent of every gallon of gas we pump into our cars must be blended with corn-based ethanol. Because ethanol is more expensive to produce relative to petroleum-based gasoline, it drives up the price of filling our cars. Ethanol is also less fuel efficient than conventional gasoline, which means that as refiners are required to blend more and more of it into our fuel, the more trips we will have to make to the pump. Ironically, one of the stated purposes of the ethanol regulation was to move the United States toward greater energy independence. Yet the Administration has imposed new regulatory burdens that make domestic oil and gas production even slower and more expensive. New rules on some federal lands have

eliminated energy production altogether. And exploring off our Virginia coast to find how much potential gas and oil we have sitting there for extraction has been denied. Without knowing how much oil and gas is sitting off our coast, we can't have a rational debate as to whether we should go get it. Regulators in Washington somehow feel such a policy of refusing to find out how much energy resources we have off our coast is good for our country's security, our economy and for our consumers. They just don't get it.

Federal regulators are causing needless job losses, driving up energy costs, stifling America's ability to compete and threatening our energy security. And the MWR survey found 85% of respondents agreed that the government should be promoting policies that guarantee energy security rather than those that don't.

And this same survey revealed deep skepticism toward an increasingly dysfunctional federal regulatory process. An incredibly high 89 percent say that the federal bureaucracy does a poor job of thinking about the unintended consequences of its regulations.

Federal officials should pay closer attention to the concerns of Virginia's citizens and the economic reality that our economy needs more jobs, more energy, and fewer regulations. One solid way to do this is to promote high-paying energy and manufacturing jobs instead of rules that often do more harm than good.

Today's federal government energy policy simply does not encourage our market based economy to expand and produce more jobs. Energy development, economic growth and environmental stewardship can work as partners rather than enemies. Washington bureaucrats should recognize this reality and stop standing the way of this clearly beneficial working relationship.

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This column originally ran in the Richmond Times-Dispatch on August 15, 2012. Michael Thompson is Chairman and President of the Thomas Jefferson Institute for Public Policy, a non-partisan Virginia- focused foundation dealing with the issues of improving education, government reform, economic development and environmental stewardship. This foundation is the state's premier independent public policy foundation and has gained broad based respect from political and business leaders throughout Virginia.