

JANUARY 3, 2001

**SCHAKOWSKY CALLS ON PRESIDENT-ELECT BUSH TO USE HIS CLOSE TIES TO OIL AND GAS EXECUTIVES TO BRING RELIEF TO CONSUMERS IN MIDWEST FROM HIGH HEATING BILLS**

***"CURRENT CRISIS IS ONE OF MARKET FAILURE THAT REQUIRES A GOVERNMENT RESPONSE TO PROTECT THE NATION'S ECONOMY"***

WASHINGTON, D.C. -- U.S. Representative Jan Schakowsky (D-IL) today called on President-Elect George W. Bush to make solving the natural gas crisis in the Midwest a top priority. She asked the President-Elect to use his and Vice President-Elect Dick Cheney's close ties to oil and gas executives to convince them to lower the high cost of natural gas.

In a letter, Schakowsky said that in the short run President-Elect Bush should reach out to his close allies in the industry to bring immediate relief to consumers who are seeing a doubling of their heating bills since last year. Schakowsky wrote, *"In the immediate term, I believe that we should act to prevent price-gouging by ensuring that domestic oil, gas and electricity suppliers are not charging excessive prices. Given the close relationships you and Vice President-Elect Cheney have with decision makers in major oil and gas companies, I encourage you to meet with representatives of the industry as soon as possible to ensure that there is no excessive profit-taking or exploitation."*

Schakowsky continued, *"In Illinois and the Midwest, natural gas prices have increased by as much as 100%. It has been estimated by the local distribution company serving my district that a family which paid \$400 last year to heat their home through the winter should expect to pay closer to \$800 this season for the same service."*

In addition, she said that millions of families, small businesses, and farmers are struggling with high energy bills and, in some instances, severe shortage, and encouraged the President-Elect to expand the Low-Income Energy Assistance Program.

Schakowsky called on the President-Elect to take an active role in shaping an energy policy that is fair to all Americans. *"The fact is that the current crisis is one of market failure that requires a governmental response to protect the nation's economy. Managing energy policy is similar to managing fiscal and monetary policy. The federal government has an important role to play to maintain a fair and balanced marketplace."*

She added, however, that the Bush Administration needs to take action to develop long



***unable to negotiate on their own behalf - creates significant problems for consumers in today's "sellers' market." This is particularly true in natural gas, where increased demand by independent electric generators threatens supplies to core residential, small business, and manufacturing customers. Consolidation and deregulation in the production industry, short-term contracts, and the separation of transmission and distribution responsibilities have all contributed to this winter's soaring bills and supply problems.***

***Some will argue that soaring prices are simply a rational market response to rising demand and limited supplies and that government intervention is unnecessary. The fact is that the current crisis is one of market failure that requires a governmental response to protect the nation's economy. Managing energy policy is similar to managing fiscal and monetary policy. The federal government has an important role to play to maintain a fair and balanced marketplace.***

***I believe that we have moved too far in deregulating the market, given the fundamental importance of energy to our economy and our constituents. Over the next few weeks and months, we need to provide assistance to help individuals, families, farmers and businesses cope with the impacts of deregulation. Then, we must address longer-term issues.***

***In the immediate term, I believe that we should act to prevent price-gouging by ensuring that domestic oil, gas and electricity suppliers are not charging excessive prices. Given the close relationships you and Vice President-Elect Cheney have with decision makers in major oil and gas companies, I encourage you to meet with representatives of the industry as soon as possible to ensure that there is no excessive profit-taking or exploitation. This is also important to ensure that domestic energy supplies are being priced reasonably.***

***Second, I hope that you will act as soon as possible to review the adequacy of funding for the Low-Income Home Energy Assistance Program at \$1.4 billion. In addition, I hope that you will consider assistance programs for energy consumers who are not eligible for LIHEAP. For example, we should investigate expansion of LIHEAP eligibility requirements, programs to help extended payment programs, Small Business Administration support, Department of Agriculture assistance, and ways to help school districts with energy costs. Just as the federal government has acted to respond to emergencies such as floods and tornadoes, we should act to respond to this winter's energy emergency brought on by frigid temperatures and high energy costs.***

***We must take immediate steps to ameliorate the harsh impacts of high energy bills this winter, but we must begin to act now to prevent any recurrence of this year's crisis or repetition of last summer's gasoline crisis. As you begin to consider ways to address our nation's energy crisis, I hope you will focus on the following initiatives:***

***- Energy efficiency: The federal budget should include greater incentives for consumers to invest in efficient appliances, housing, and manufacturing processes.***

***This would yield great benefits for consumers and the environment. For example, on lighting alone, American consumers and businesses spend some \$21 billion annually and could cut their costs in half with energy efficient bulbs and fixtures while improving the environment. If all states adopted modern building energy codes, the new homes built in the U.S. this year would use about 7 trillion BTU's less than homes built under current building codes. The average home owner could see an average savings of 12% on their annual energy costs. Finally, by investing in energy efficiency, utility companies can avoid rate increases because energy-efficiency measures are more cost effective than building new power plants.***

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***- Renewables: We should invest more heavily in renewable energy sources. In the past several years, we have seen great advancement in the field of alternative energy with the marketing of highly efficient and low polluting vehicles and the spread of wind and solar energy sources. One way to ensure energy security for America is to develop energy sources that do not depend on other countries or exhaustible sources like the few remaining oil reserves we do have.***

***- Energy reliability and affordability: Your Administration should create a bipartisan task force, including representatives of all sectors, to determine how best to guarantee secure supplies of affordable energy for our nation's residential, commercial and industrial consumers. This task force would be responsible for developing recommendations on how to guard against excessive price volatility and the establishment of minimum inventory requirements that are needed to provide adequate supplies, respond to disruptions and avoid rapid price spikes. It should also recommend improvements in energy information collection so that we are better able to predict and respond to changes in energy supply and demand trends, such as the impact of the increased use of natural gas for peaking purposes on traditional residential and commercial natural gas customers. Finally, this task force should explore how best to guarantee reliable supplies to ultimate customers in a deregulated market where energy suppliers are free to sell to the highest purchasers, and pull in and out of markets.***

***Mr. President-Elect, I am pleased that you have decided to make America's energy policy a priority for your Administration. I appreciate your consideration of the recommendations I mentioned above and look forward to working with you to ensure reliable energy at reasonable prices for American consumers. I look forward to your response.***

***Sincerely,***

***Jan Schakowsky  
Member of Congress***