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ENERGY CRISIS UPDATE

Prepared April 12, 2001

Agenda for National Energy Emergency Action

I. New Phase of Economic Breakdown

■ **California:** A new phase of physical economic breakdown and financial chaos is now gripping the Western states. This month, the Bonneville Power Authority asked the region's aluminum industry to shut down for two years. Already, only three of the nine aluminum companies supplied by BPA, are still operating. These plants can make 1.6 million metric tons of aluminum per year, representing 38% of U.S. capacity. The shutdown will cost more than 7,500 jobs directly, and tens of thousands more indirectly. In other words, "conservation" equals shutdown.

■ **Supply Crisis:** The severe Western drought, while limiting hydropower, is *not the critical factor*. What is catastrophic, is the continuation of months of energy hyperinflation, and lack of re-regulation to restore a functioning energy system.

At least *34 days of blackouts* in California are expected this Summer. This means economic havoc, not mere inconvenience.

Many smaller "qualifying facilities" (QFs) which formerly contributed as much as 20% of the electricity to California's supply, are now out of operation, after not having been paid for months. On March 19, some 100 California electricity generating plants were either shut down or were operating at reduced output, cutting available generating capacity by 12,367 MW, of which planned outages accounted for 5,329 MW and unplanned (or "forced") outages for 7,038 MW. The latter are under investigation.

In Summer 2000, the Northwest was able to export as much as 3,000 MW daily to California. This Summer, the drought means there won't be enough power in the Pacific Northwest to even meet the region's own needs. The Columbia River Basin snowpack is 53% of normal; the river flow, half of normal. If Lake Roosevelt, the vast reservoir behind the Grand Coulee Dam, falls another 15 feet, experts say, the dam will not be able to generate any electricity. It normally provides 6,000 MW of power to the region.

II. Policy Reactions: For and Against the 'General Welfare'

■ **The General Welfare** is the overriding principle that must be supported, stressed Lyndon LaRouche in a policy evaluation April 7, saying that the lack of action to date has "lost time and position." He said, "Cannibals in the Bushes" have invaded the United States, and pointed to rampant corruption (see separate text and article).

The April *Fortune 500* of largest companies, shows how the energy cartel firms—interconnected directly with the Bush Administration—have jumped to the top of the list, including BP-Amoco, Enron, Duke Power, et al. Last year, the U.S. energy "majors" and independents reported $264 billion more in revenue, and $31.4 billion more in net income, in 2000 than in 1999. Actual energy use rose only 1.7%. The difference is mega-profiteering.

■ **"Markets" Must Prevail,** was the pronouncement April 10-12 from Federal Energy Regulatory Commission chairman Curt Hebert, the Bush free-market loyalist, delivered at "field" meetings, with Western states leaders held in Idaho and Colorado. Hebert refused all appeals for even a temporary cap on hyperinflated energy prices.

State Initiatives Against Deregulation

■ **Oklahoma:** The State Legislature in the first week of April voted 101-0 to postpone energy deregulation until at least 2002. Also, the Oklahoma state regulatory commission refused to grant a surcharge to "Oklahoma Natural Gas.'

■ **Alabama:** On April 3, HJR 305 was introduced to the Rules Committee of the lower house, by State Rep. Thomas Jackson (D) and others. The three-page Resolution, "Re-Regulate Energy; Promote the General Welfare," references the 1930s remedial measures taken by Franklin Delano Roosevelt, and calls for a thorough-going national re-regulation of all modes of energy. It passed the House April 11.

■ **Nevada:** The first week in April, the lower house voted up a measure to put off energy deregulation. The showdown in the state Senate was set for April 12-13, with Sen. Joe Neal (D) leading the fight to stop deregulation.