

# The energy policy palette



## MONEY

Direct financial transfers

## TAXES

Deductions and credits

## CUSTOMS

International trade tools

## REGULATIONS

Domestic controls on firms and markets

## LOANS

Government finance and credit support

## BOONS

Services or property without cost, or below cost or market price

## RISKS

Transfer of exposures to industry, government, or public

## EXTERNALITIES

Transfer costs of product impacts, near or far—or failing to do so?



# The Energy Policy Palette

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## MONEY

*Direct financial transfers to producers or consumers*

**ENERGY:**  
fuel subsidies (Iran petrol, \$0.10/liter)

**BEYOND:**  
grants for and purchases of biofuel crops

## LOANS

*Low-interest, low security, preferential loans and guarantees, government full faith and credit*

**ENERGY:**  
DOE loans, guarantees; ARRA guarantee programs

**BEYOND:**  
Agricultural loans and guarantees for efficiency; Eximbank financing

## TAXES

*Deductions and credits on income and excise taxes, special rates and depreciation*

**ENERGY:**  
depletion, depreciation, EOR credits, ITC (solar), PTC (wind); expensing of drilling costs; MLPs

**BEYOND:**  
foreign income and excise credits; loss carryforwards; LIFO accounting practices; ethanol credits

## BOONS

*Government services and property without compensation, or below cost or world prices*

**ENERGY:**  
Low royalties; data, R&D; transportation networks

**BEYOND:**  
TVA power and water improvements; highways

## CUSTOMS

*Quotas, tariffs, duties, embargoes, international market-access restrictions*

**ENERGY:**  
ban on imports of fuel; tariffs on solar cells

**BEYOND:**  
tariffs on import of ethanol, steel and aluminum

## RISKS

*Transfers of exposures to industry or public*

**ENERGY:**  
Price-Anderson Act; decommissioning expenses; Strategic Petroleum Reserve

**BEYOND:**  
deduction of legal settlements and judgments

## REGULATIONS

*Price controls, rate caps, domestic market-access, local content requirements*

**ENERGY:**  
prioritization of coal; renewable portfolio standards, feed-in tariffs; eminent domain powers

**BEYOND:**  
Opportunity zones; domestic manufacturing priorities; employment and relocation incentives

## EXTERNALITIES

*Incorporating, or possibly failing to incorporate, costs of pollution, health care or other impacts into the product price*

**ENERGY:**  
Particulate, healthcare costs; CO<sub>2</sub> and CH<sub>4</sub> emission impacts; traffic, congestion, accidents

**BEYOND:**  
same impacts for autos, power and cement plants, sprawl; national security deployments and foreign aid in Middle East