Michigan Already on Its Knees; Can't Afford an LCFS

Michigan's economic base has been shaken to its core. The American auto industry — the engine of our economy in both the figurative and literal sense — has been turned upside down, leaving thousands of families without work. Our state's unemployment rate, well above 15 percent, is the highest in the country.

Washington, for its part, has done what it can to help stabilize the economy — the Wall Street bailout, the stimulus, the GM takeover. Maybe these rescue packages have saved a few jobs. Maybe they haven't. No one can say for sure.

But now, efforts are underway in Congress to establish a nationwide low-carbon fuel standard (LCFS). At first, it doesn't sound half bad. Less carbon in our fuels, less carbon emitted from our tailpipe. Maybe it's even possible that a LCFS system can be used in place of the Corporate Average Fuel Economy (CAFE) regulations.

In reality, though, a LCFS system isn't much interested in making the gas in your car today cleaner, more fuel efficient, or any more affordable at the pump. It's interested in making those fuels scarcer, more expensive, and less available. Achieve that, the thinking goes, and newer, lower-carbon fuel options will be forced to come online in the future, since the American people won't be able to afford the fuels on the market right now.

No one who drives an automobile is safe under a LCFS system, but the problem is especially acute here in Michigan. That's because our state relies on Canada for 63 percent of the oil we use each day. How does a LCFS relate to Canadian crude? The same way a lion relates to a wildebeest. And the ones left standing there hungry, scared and confused are you, me and everyone else in need affordable and reliable fuel.

Here's how a LCFS system would work. First, bureaucrats gather up samples of crude oil and assign them a carbon score based on how much energy is needed to bring that oil to market. Heavy crudes (read: Canadian) require more energy to produce than others crudes, and therefore receive a higher (read: bad) "lifecycle" carbon score. Oil sands, also from Canada, and oil shale from the American Intermountain West fare even worse under this system.

Do heavier crudes contain more carbon? No. Do they emit more carbon dioxide from the tailpipe? No. Do they at least *weigh* more than other, lighter crudes? Not really. Nonetheless, under a LCFS system, imports of Canadian crude would be targeted for eventual elimination. That means more than six out of every 10 barrels of oil that arrive in Michigan today would be prevented from crossing the border.

How would we make up the difference? From where would that additional oil come? If a LCFS system discriminates against Canadian crude, then who's in line to pick up the slack? Turns out the places around the world where you're most likely to find LCFS-favored crude are the Middle East. And Africa. And just about every other unstable, dictatorial regime in between.

Closer to home, the story isn't much better. In Detroit, the Marathon refinery produces nearly 100,000 barrels of affordable, reliable fuel a day, and provides thousands of jobs that support families, pay out pensions, and provide good-quality health care. All that would be put in peril under a LCFS system — not because the fuels it produces emit more carbon, but because the oil from which those fuels are derived happens to come from Canada. Right across the bridge.

As complex and convoluted a plan as a LCFS system is, the impact it would have on our country's economic and strategic well-being is actually quite simple to understand. That's because, at its core, a LCFS is engineered to produce higher prices at the pump, higher unemployment for those who rely on Canadian energy, and expanded dependence on foreign, unstable regimes glad to step in and fill the breach.

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