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REGULATORY REFORM

ALEC Encourages Responsible Resource Production

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North America's abundance of recoverable natural gas offers great opportunities for economic development and it has thus attracted a broad and diverse coalition of supporters. Though they differ in their respective approaches to developing the energy source, President Obama, members of Congress in both parties, bipartisan coalitions in the states and members of the environmental community have all expressed a desire to advance policies which allow for the natural gas industry to flourish.

Hydraulic fracturing, also known as "fracking", involves using water pressure to break up shale formations and stimulate the flow of natural gas. The increasing use of hydraulic fracturing to recover previously inaccessible natural gas resources has led policy makers and the public to examine the need to update existing regulatory schemes. Although reports show the environmental impact is minimal or non-existent, policy makers want to ensure the public that any potential impact will be addressed through the thoughtful development of sensible regulations that ensure responsible gas extraction. ALEC supports responsible resource production in the states and maintains that regulatory efforts should be the continued jurisdiction of the states as each state has unique geological and geographical circumstances.

ALEC has been at the forefront of the effort to retain state sovereignty over hydraulic fracturing, and our recently adopted model bill, the *Hydraulic Fracturing Fluid Disclosure Composition Act*, aims to preempt the promulgation of duplicative, burdensome federal regulations from U.S. Environmental Protection Agency (EPA). The bill requires companies to post the composition of their fracking fluid on a publicly accessible website in an effort to provide transparency on the chemicals used in the drilling process which supplement the water and improve the technique.

Texas became the first state to enact the bill in 2011. In December of 2011, it was approved as an ALEC model bill by the Legislative Board of Directors soon thereafter. States across the nation are assessing their own regulatory needs and this has led many to take up ALEC's model bill. Pennsylvania has followed this year in a broadly supported, bipartisan comprehensive reform, and four other states – Illinois, Indiana, New York and Ohio – have introduced versions of the bill for consideration this session. In some states, including Wyoming, the issue has been addressed through existing regulatory programs, and in nearly all of the states with significant hydraulic fracturing, the state itself is working to make the necessary regulatory improvements to bolster the industry while safeguarding the environment.

Nevertheless, EPA is pressing forward in developing federal hydraulic fracturing regulations, and while the specific content of the regulations are not yet released, reports have indicated that the scheme will include hydraulic fracturing fluid disclosure. In the last State of the Union address, President Obama also mentioned this intent by stating "...I'm requiring all companies that drill for gas on public lands to disclose the chemicals they use."

Duplicative and unnecessary federal regulations over natural gas have proven to be a strong deterrent to development. Hydraulic fracturing is already transforming job markets in areas of the country that are in dire need yet it is critical that EPA reserve regulation of hydraulic fracturing for the states. This will accomplish the same regulatory goals in a less burdensome way while allowing for states to address any environmental concerns that are unique to their own state.

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