



The Daily Dish

June 24th Edition

DOUGLAS HOLTZ-EAKIN | JUNE 24, 2015

A [surprising new study](#) finds that electric cars may be worse for the environment than their gas powered counterparts. On average, for the environment, electric cars are worse per mile. This also depends where the cars are driven. In large metropolitan areas, electric out perform conventional cars, however in more rural and less congested areas, it is better for the environment to have a gas powered car.

New AAF research shows that lifting the crude oil export ban could mean an additional \$21 billion in gross export revenue and could cut Russia's oil exports by one third. [Click here for more](#) about the study.

The White House has a new [string of veto threats](#) aimed at House-sponsored bills. Both a bill funding the Department of the Interior and a bill allowing states to opt out of the EPA's new power plants rule have received veto threats from the administration. This is the very same environmental rule that [promises to close at least 93 coal fired plants, costing 296,000 jobs in the process](#).

Eakinomics: The Spectrum Incentive Auction

The upcoming Federal Communications Commission (FCC) incentive auction is the most important reallocation of radio spectrum of this decade. The objective is to reallocate additional spectrum toward mobile broadband uses. The FCC's upcoming incentive auction is a two-sided auction where both the sellers and buyers will be bidders. This is in contrast to previous FCC auctions where the FCC was simply selling spectrum license rights that they made available outside of the auction process. The FCC has recently begun the process of determining the mechanics. Broadly, the FCC will take bids from television broadcasters to relinquish their broadcasting licenses which will free up spectrum that can be sold to mobile broadband providers. The higher the bids from these broadband providers, the more revenues available to pay broadcasters to relinquish their licenses and, as a consequence, the more spectrum will be reallocated.

In previous [work](#), we found that rules that would restrict the participation of the two largest wireless carriers could undermine the goal, potentially reducing auction proceeds by some 40 percent. This, in turn, puts at risk the goals of securing 120 MHz of spectrum from broadcasters. More recently, AAF's Will Rinehart [noted](#) that additional calls for "set asides" — spectrum allocated outside the competitive auction — not only cuts auction proceeds, it is a poor way to pursue other policy goals like innovation and strong competition that benefits consumers.

That doesn't mean that special interests won't keep trying. The latest round of [complaints](#) comes from some broadcasters. Specifically, the non-commercial broadcasters want guarantees of spectrum allocations in each TV market. That, of course, means less to sell to the mobile wireless companies and undercuts the basic purpose of the auction. Unfortunately, the FCC has already shown itself willing to compromise auction principles for special interests. It will be interesting to see how the auction plays out. Stay tuned (if you can!).

From the Forum

[Lifting the Crude Oil Export Ban: How Increased U.S. Exports will hurt the Russian Market and Help at Home](#)

by Kimberly VanWyhe, AAF Director of Energy Policy