

**THE LEADING** presidential candidates are for the most part using standard political rhetoric when they talk about energy, calling for energy security, energy independence, or self-sufficiency. They are all jumping on the alternative energy bandwagon, bandying about any number of figures for what percentage of the nation's energy needs should be supplied by alternative sources and when.

However, some of the candidates have gone a little further, providing some concrete details of how they view energy and what policies they might espouse if elected.

The energy industry, meanwhile, has not emerged as a major factor in financing the presidential campaigns to this point. Legal and financial services have taken the lead so far in contributions. Not

surprisingly, Democrats, particularly the two leading candidates, are running ahead in campaign contributions, with Republican Rudy Giuliani heading his party's field of contenders.

In what is certainly the most open and longest primary season in recent times, campaign contributions have become an alternate form of polling, with candidates rushing to get donations in before the end of each quarter. It was a triumph for Sen. Barack Obama (D-Ill.) to beat out the Democratic front-runner, Sen. Hillary Clinton (D-N.Y.), for contributions in the second quarter. By the same token, Sen. John McCain's (R-Ariz.) failure to meet his target or to keep up with the front-runners not only forced him to cut staff but put his whole campaign in question.

While Obama may trumpet the grassroots nature of his campaign and promise a new type of politics in Washington, he has not hesitated to take corporate contributions and in fact is the only leading candidate who numbers an electrical utility — Chicago-based Exelon Corp. — among his top 10 contributors (No. 2 after UBS Americas). The Exelon contributions also make the electrical utility industry rank 15th among Obama's

industrial sector contributors (No. 1 is law firms), according to data compiled by the Center for Responsive Politics from mandatory reporting to the Federal Election Commission.

Clinton doesn't have a big utility contributor. Her top 20 are mostly law firms and financial groups, which are the two leading industry categories for her. Former North Carolina Sen. John Edwards has a similar profile, though his biggest single contributor is ActBlue, the progressive Democratic PAC.

New Mexico Gov. Bill Richardson, who was Energy Secretary in the Clinton administration, has Minneapolis-based Xcel Corp. among his top 20 contributors, though with a fraction of the amount Exelon contributed to Obama. Xcel distributes electricity in New Mexico along with eight other states. The

# POWER POLITICS

## ENERGY AND THE RACE FOR THE PRESIDENCY

BY DARRELL DELAMAIDE  
ILLUSTRATION BY JÜRGEN MANTZKE

POWER CO. INC.



oil and gas industry ranks 13th among industrial sectors contributing to the Richardson campaign.

Among the leading Republican candidates, former New York Mayor Rudy Giuliani gets most of his support from legal and financial firms, as well as strong support from casinos. Power companies don't rank among his top contributors, but Bracewell & Giuliani, the law and lobbying firm he joined in 2005, is based in Houston and has numerous electrical utility clients as well as oil and gas firms. It is a top contributor to Giuliani's campaign. The Energy and Natural Resources sector is listed among the top five contributing sectors to the Giuliani campaign, in the Center's tabulation.

Former Massachusetts Gov. Mitt Romney gets support from his old firm, Bain & Co., and from his own fortune, as well as a host of other business sources, though electricity companies don't appear in the top ranks. John McCain is not getting terrific support in general, nor has any business sector really jumped on his bandwagon in a big way. The other Republican candidates are drawing only marginal contributions at this point.

As an industry, electrical utilities in the 2006 federal elections ranked 21st among 80 industry categories, according to the data compiled by the Center for Responsive Politics. In total contributions for the nine elections since 1990, the industry ranks 24th. The breakdown was 2-to-1 in favor of Republicans in 2006, as it has been almost to the penny in every federal election since 1996. In 1994 and the two elections preceding that, electrical utilities made 55 percent of their contributions to Democrats and 45 percent to Republicans. The Center tabulates both individual and PAC contributions of \$200 or more.

The only electrical utility organization in the top 100 contributors tracked by the Center from 1989 through 2006 was the National Rural Electrical Cooperative Association (NRECA), ranking 66th and listed "on the fence" politically (contributing somewhere between 40 percent and 59 percent to both parties).

Among the 107 electrical utility PACs listed for the 2006 election cycle, NRECA's was far and away the biggest, followed by Florida Power & Light, Exelon and American Electric Power. However, explains NRECA spokesman Pat Lavigne, the cooperative in principle does not contribute to presidential candidates, but only to legislative candidates. Edison Electric Institute and the American Gas Association take a similar line, leaving it to their individual members to support presidential candidates if they choose.

In the 2000 presidential election, the electricity industry heavily favored George W. Bush over Al Gore, giving almost \$7 to Bush for every \$1 they gave to Gore. Bush collected more than \$447,000 in PAC and individual contributions from electric utilities, compared with just \$65,000 for Gore. Bush's two-year fund-raising total exceeded the cumulative amount that any other federal candidate had received from electric utilities over the preceding 10 years.

So what are the candidates actually saying in the current campaign?

Obama gave his major energy address at the Detroit Economic Club last May. While the speech contained several rhetorical flourishes (the "tyranny of oil," "oil addiction"), the candidate reiterated his support for a cap-and-trade system to reduce greenhouse gas emissions. He would invest "substantial revenue" from auctioning off emissions credits into the development of carbon sequestration, advanced biofuels, and energy efficiency.

Given the venue, much of his focus was automobiles, and he

called for higher fuel-efficiency standards and a National Low-Carbon Fuel Standard, a gradual reduction in the amount of hydrocarbons permitted in gasoline.

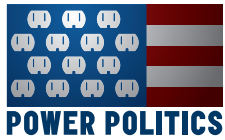
Obama backed the energy act of 2005, prompting critics to say he was motivated by his support for Illinois agribusiness, the act's subsidies for ethanol production and his backing of the state's coal industry. He has been severely criticized by environmentalists for his enthusiastic support for "coal-to-liquid" technology, because it produces twice the amount of greenhouse gases that oil does.

"I'll give him credit for that," says Charlie Fritts, who heads up the AGA PAC, "for recommending a domestic source to replace a foreign source of energy."

While the AGA PAC is not likely to contribute to a presidential campaign, the association is ready to provide input on policy issues to campaign staff. One of the issues the group would like to see discussed in the campaign is the need to boost the domestic supply of energy resources by easing some of the restrictions on drilling on the outer continental shelf. "No question, it's a political hot button," Fritts says, "but the industry has an excellent track record of producing in the Gulf." Even with Hurricane Katrina, there were no spills, he notes, proving that the industry can drill in an environmentally sensitive and safe manner.

► **Presidential hopeful Sen. Hillary Rodham Clinton, D-N.Y. smiles as she speaks at Rutgers University.**  
SOURCE: AP PHOTO/MEL EVANS

▼ **Sen. Barack Obama, D-Ill., looks on during a Democratic rally in Aurora, Colo.**  
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In a major speech last year at the National Press Club, Hillary Clinton outlined her strategy for reducing dependence on imported oil by 50 percent by 2025. Along with biomass fuels and increased efficiency, she called for a switch from high-carbon electricity sources to low-carbon electricity sources through innovations in renewables such as solar and wind, as well as carbon dioxide sequestration.

She cited scientific estimates that the wind potential of just three states — Texas, Kansas and North Dakota — is equal to more than half of the electricity we consume today. California could meet half of its power needs from solar alone, she said.

As part of her comprehensive legislation to overhaul energy taxes, Clinton's first suggestion was to extend the renewable electricity production tax credit for 10 years, along with incentives for improving fuel efficiency in vehicles, installing ethanol pumps, and promoting energy efficiency in businesses and homes.

"We need a renewable portfolio standard to require 20 percent of electricity produced from wind, solar and other renewables by 2020," Clinton said in her speech.

She also advocated a cap-and-trade system for emissions, and emphasized the need to come to terms with coal by investing in clean coal technology. She urged five large-scale tests of carbon sequestration in a variety of settings to investigate the viability of this technology. She also recommended providing tax credits for using carbon sequestration to recover additional oil from existing U.S. fields. Clean coal technology is one of the investment objectives for her proposed Strategic Energy Fund.

Funding for clean coal technology and addressing global warming are two of the main issues for the Edison Electric Institute, says spokesman Jim Owen. While the institute isn't likely to contribute to a presidential candidate, it wants clean coal technology to become deployable as quickly as possible. Also, the group, which in the past has supported voluntary cap-and-trade programs, now believes that a government-mandated program is desirable if it achieves the goal of reducing carbon emissions. The other central issue for the industry group — minimizing regulatory uncertainty as the industry begins a huge capital investment campaign — is less of a federal issue, Owen says.

Clinton also gave a cautious nod to nuclear power, though she expressed concerns about the oversight provided by the Nuclear Regulatory Commission. "If you look at nuclear energy, which currently provides 20 percent of our energy with virtually no emission of greenhouse gases, we do have to take a serious look," Clinton said, noting that "there remain very serious questions about nuclear power and our ability to manage it in a world with suicidal terrorists." These questions have to be resolved, she said, before going forward with nuclear power.

John Edwards has similar proposals. He advocates a New Energy Economy Fund and wants electrical utilities to generate 25 percent of their power from renewable sources by 2025. He also supports development of clean coal technologies.

Republican candidates differ more in emphasis than in content.

In an energy policy briefing released last March, Mitt Romney said that he believes coal is an important part of the country's

► Sen. John McCain, R-Ariz., poses in the underground passage under the Capitol in Washington.

SOURCE: AP PHOTO / CHRISTOPHER MORRIS/VII



◀ Republican presidential hopeful, former New York Mayor Rudy Giuliani, talks about his health care plan during a campaign speech in Rochester, N.H.

SOURCE: AP PHOTO/JIM COLE

energy mix, though we must become cleaner and more efficient in how we use it to power the country. The United States must invest more research dollars in power generation, fuel technology and materials science, the briefing said. It specifically mentioned fluidized-bed combustion and integrated gasification combined cycle as promising technologies, citing American Electric Power's plans for IGCC projects in West Virginia. The briefing looked forward to hybrid concepts such as combining combustion and gasification for even cleaner and more efficient power generation.

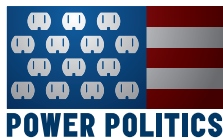
At a campaign stop at GT Solar Inc., a maker of solar power panels, in Merrimack, N.H., Romney said the United States should become self-sufficient in energy within 20 or 30 years, largely through increased use of alternative energy sources. As governor of Massachusetts, Romney proposed creating new electricity energy efficiency programs for homes and businesses as well as implementing new electricity rates that encourage energy efficiency at peak times.

John McCain voted against the Energy Policy Act of 2005 on the grounds that it would mean higher energy prices for Arizonans. Also in 2005, he co-sponsored a bill with Sen. Joe Lieberman (I-Conn.) for a cap-and-trade emissions system, and reintroduced that bill this year.

McCain supports homegrown sources like corn and switchgrass to make fuel to replace foreign supplies, but also wants to drop tariffs and subsidies that keep imports in check.

Giuliani has been more nuanced in his rhetoric, suggesting that diversifying energy sources is the road toward independence, while questioning that independence can be reached. He generally has been supportive of ethanol and biodiesel, though fairly silent on renewable energy. His consulting firm, Giuliani Partners, last year supported client Entergy Nuclear Northeast in seeking a renewal of its license for the Indian Point nuclear plant in Westchester County, and Giuliani has advocated expanded use of nuclear power.

Energy is not at the top of the agenda for any of the candidates, but it is an issue they cannot avoid as the campaign progresses. Given the length of the campaign, it seems certain the individual candidates' energy policies will become more detailed and more nuanced as the primaries draw near. ☺



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