

Presidential Energy Dance

CANDIDATES ATTEMPT TO DEFINE ENERGY POLICIES

BY DARRELL DELAMAIDE

ON CLIMATE CHANGE, BOTH

Democratic candidates Barack Obama and Hillary Clinton espouse a cap-and-trade emissions program with an auction of 100 percent of emission credits so that “all polluters pay for every ton of emissions they release,” as the Obama plan puts it. The objective in both senators’ plans is to get emissions 80 percent below 1990 levels by 2050.

Obama said he will reach his objective by changing the terms of the debate, and getting voter buy-in for making the kind of short-term sacrifices to deal with climate change. And he would explain to them that their energy costs won’t have to go up nearly as much as

issues arising from dependence on foreign oil, particularly the vulnerability to a terrorist attack. Like the economy itself, energy does not seem to be a strong point for the Arizona senator, some observers say.

Nonetheless, McCain cites many of the same solutions as his Democratic rivals – improved light bulbs, smart grid technology, energy savings – concluding that “government must set achievable goals, but the markets should be free to produce the means.” Regardless of which Democratic hopeful ends up with the nomination, candidate McCain will differentiate his energy policy from theirs through the level of government intervention.

Obama’s detailed plan, by contrast, ticks off numerous areas in which government will get involved. He plans, for starters, to invest \$150 billion over 10 years in energy reform. Part of this money will go to transportation – the next generation of biofuels and fuel infrastructure and the commercialization of plug-in hybrids. But the focus is also on development of commercial-scale renewable energy, investments in low-emission coal plants, and transition to a new digital electricity grid. The fund will seek to make sure that technologies developed in the United States are rapidly commercialized and deployed both here and around the world.

To help develop these innovative technologies, the Obama plan calls for a clean technologies venture capital fund in which the government will invest \$10 billion a year for five years. The fund will partner with existing investment funds and the national laboratories to ensure that promising technologies move beyond the lab.

The Democratic hopeful would establish a federal renewable portfolio standard to require that 25 percent of electricity consumed in the United States be derived from clean, sustainable energy sources, such as solar, wind and geothermal, by the year 2025. At the same time, he would significantly increase the resources devoted to the commercialization and deployment of low-carbon coal technologies. If that would mean establishing standards that ban new traditional coal facilities, then he would consider that possibility.

With regard to energy efficiency, new buildings should be carbon neutral, or produce zero emissions, by 2030, according to the Obama plan. As president, Obama said he would establish a national goal of improving new building efficiency by 50 percent and existing building efficiency by 25 percent over the next decade to help meet the 2030 goal. And he would create a competitive grant program to reward states and localities that implement new building codes prioritizing energy efficiency. He would also pursue a major investment in the utility grid to



Barack Obama
SOURCE: AP/SETH WENIG

NewsFlash

PENNSYLVANIA COMPETITION

Pennsylvania needs competitive energy markets and should avoid rate freezes, according to a new report.

Susan F. Tierney, an expert on energy policy at the Analysis Group and author of the report, said, “Policy makers should heed the lessons learned in other states when rate freezes were imposed at levels out of line with market conditions.”

energy utilities say they will.

Sen. John McCain, the likely Republican candidate, pledged a “market-based energy reform” in the conservative mold, one that would “not rely on subsidies, rifle-shot tax breaks, line-items for lobbyists, or big-government debacles.” As a consequence, the McCain Web site doesn’t offer detailed white papers like those found on the Clinton and Obama sites, but just a speech on energy policy from April. And that speech focuses largely on the national security

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enable a tremendous increase in renewable generation and accommodate modern energy requirements, such as reliability, smart metering, and distributed storage.

As to climate change, Obama would both re-engage with the United Nations framework coordinating action on global warming and address the Bush administration's major objection to the Kyoto Protocol – that it does not require action by big developing country polluters – by creating a Global Energy Forum. This would join the G-8 industrial countries with emerging giants Brazil, China, India, Mexico and South Africa to focus on global energy and environmental issues.

Clinton approaches the issue from an environmental standpoint, emphasizing green objectives, but her goals are remarkably similar to Obama's, right down to some of the details, such as the \$150-billion investment over 10 years and the 25 percent renewable portfolio standard by 2025. Just to make sure you know the government is involved, a federal strategic energy fund of \$50 billion would fund one-third of that 10-year investment.

Some of the other novelties in her plan include doubling of federal investment in basic energy research, including funding for an ARPA-E, a new research agency modeled on the successful Defense Advanced Research Projects Agency; implementing measures to spur

the green building industry by investing in green collar jobs and helping to modernize and retrofit 20 million low-income homes to make them more energy efficient; launching a new "Connie Mae" program to make it easier for low- and middle-income Americans to buy green homes and invest in green home improvements; and creating a National Energy Council within the White House to ensure implementation of the plan across the executive branch.

Obama is curiously silent on the subject of nuclear power even though Exelon Corp., the country's biggest operator of nuclear power plants, is a major supporter. Clinton explicitly downplays its role. She believes that energy efficiency and renewables are better options for energy reform because of what she sees as significant unresolved issues about the cost of producing nuclear power,



Hillary Clinton
SOURCE: AP/ELISE AMENDOLA

the safety of operating plants, waste disposal, and nuclear proliferation. So Clinton opposes new subsidies for nuclear power, while calling for steps to deal with the problems facing it. She would strengthen the Nuclear Regulatory Commission and direct it to improve safety and security at nuclear power plants; terminate work at the Yucca Mountain site; and convene a panel of scientific experts to explore alternatives for disposing of nuclear waste. But she would continue research, with a focus on lower costs and improving safety.

McCain is much less shy about using nuclear energy. He says that the obstacles that have kept a new nuclear power plant from being constructed for more than 25 years are political, not technological. He asks, rhetorically, whether the United States is less innovative or secure than France, which produces 80 percent of its electricity from nuclear power. He suggests providing for the safe storage of spent nuclear fuel by giving host states or localities a proprietary interest so when advanced recycling technologies turn used fuel into a valuable commodity, the public will share in its economic benefits.

In spite of his declaration for market-based solutions, McCain doesn't hesitate to suggest government intervention where necessary. While he wants to spend less money on government bureaucracies, he is willing, where the private sector isn't moving out of regulatory fear, to form the partnerships necessary to build demonstration models of promising new technologies, such as advanced nuclear power plants, coal gasification, carbon capture and storage and renewable power.

For climate change, McCain says he wants a market-based approach that would set reasonable caps on carbon and other greenhouse gas emissions, and provide industries with tradable credits. By reducing its emissions, a utility or industrial plant can generate credits it may trade on the open market for a profit, offering an incentive to drive the deployment of new and better energy sources and technologies. He counts on the profit motive to attract the transformational power of venture capital, and unleash the market to move clean alternative fuels and advanced energy technologies from the margins into the mainstream.



John McCain
SOURCE: AP/STEPHAN SAVOIA