



## President-Elect Barack Obama's **Energy and Environmental Policies**

November 2008

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In his November 4, 2008 election victory speech, President-elect Barack Obama promised to pursue policies to harness cleaner sources of energy and create a healthy environment. During the campaign, he proposed a “New Energy for America” plan (“the Obama-Biden Energy Plan”) and environmental policies that set ambitious goals in the areas of climate change, energy generation, energy efficiency, oil and gas, alternative fuels and vehicles, as well as clean air and clean water.<sup>1</sup>



## I. Climate Change

Global climate change policy is a top priority for Obama.

**Greenhouse Gas Emissions.** The Obama-Biden Energy Plan mandates an 80% reduction in greenhouse gas emissions by 2050. It also requires the country to reach 1990 emission levels by 2020. Obama supports a market-based, economy-wide cap-and-trade program with 100% of pollution credits distributed through auctions. The President-elect proposes that the receipts generated by auctioning allowances – estimated to be \$15 billion per year – should be used to support the development of clean energy, investment in energy efficiency improvements, development of the next generation of biofuels and clean energy vehicles, restoration and preservation of wildlife, and transition relief to persons especially hard hit by the move to a carbon-constrained economy.

**International Efforts.** Obama believes the United States must be a leader on global climate change policy. Obama supports the U.S. re-engaging with the U.N. Framework Convention on Climate Change. He has also proposed the establishment of a new Global Energy Forum, comprised of the largest energy consuming nations, to focus exclusively on global energy and environmental issues.

**Technology Transfer Program.** Within the Department of Energy, Obama supports a Technology Transfer Program that will focus on exporting climate-friendly technologies, including technologies for green buildings, clean coal and advanced automobiles, to developing countries.

**Resource Conservation.** Obama supports domestic incentives to confront deforestation and promote carbon sequestration. Obama will offer incentives that reward forest owners, farmers, and ranchers when they plant trees, restore grasslands, or undertake farming practices that capture carbon dioxide from the atmosphere.

## II. Electric Energy Generation

Obama has described U.S. dependence on foreign oil as “a security threat, an economic albatross, and a moral challenge.”<sup>2</sup> To reduce our dependence, Obama has proposed to diversify the nation’s energy resources, primarily by more rapidly developing renewable energy sources and “clean coal” technologies.

**Renewable Energy.** Many states have enacted renewable portfolio standards (“RPS”) to require electric utilities to develop renewable energy resources, including wind, solar, and geothermal. The Obama-Biden Energy Plan calls for a federal RPS to require that 10% of electricity consumed in the U.S. be derived from renewable resources by 2012.

**Clean Coal Technology.** Obama also believes that fossil fuels must remain a part of our energy mix. The Obama-Biden Energy Plan calls for the commercialization of clean coal technologies, such as integrated gasification combined cycle (“IGCC”) with carbon capture and sequestration (CCS). Obama has supported the development of clean coal technologies by providing incentives to the private sector and requiring the Department of Energy to enter into public-private partnerships to build five “first of a kind” commercial-scale coal-fired power plants with CCS.

**Nuclear Energy.** Obama has said “[i]t is unlikely that we can meet our aggressive climate goals if we eliminate nuclear power as an option.” However, he has stopped short of including the expansion of nuclear power as part of his energy policy. The Obama-Biden Energy Plan identifies the security of nuclear fuel and waste, waste storage, and proliferation as key issues that should be addressed before new nuclear plants are constructed. Both Obama and Vice President-elect Joe Biden have opposed Yucca Mountain as a permanent repository for spent nuclear waste.

### III. Energy Efficiency

Obama proposes the U.S. should be the most energy efficient country in the world. He supports more aggressive policies to reduce energy consumption and increase energy efficiency standards.

**Electricity Demand.** The Obama-Biden Energy Plan sets a goal of reducing electricity demand by 15% by 2020, as compared to the Department of Energy’s projected level. These reductions could save consumers \$150 billion and reduce carbon dioxide emissions by five billion tons through 2030, and would be achieved by requiring electric utilities to set and meet annual demand reduction targets and from more stringent building and appliance standards.

**Building Efficiency Goals.** The Obama-Biden Energy Plan calls for a 50% increase in the efficiency of new buildings and a 25% increase in the efficiency of existing buildings by 2025, with the ultimate goal of ensuring that all new buildings are carbon neutral, or produce zero emissions, by 2030. Additionally, Obama has established a goal of achieving a 40% increase in the efficiency of all new federal buildings and retrofitting existing federal buildings to achieve a 25% increase in efficiency within five years, with the goal to make all new federal buildings carbon-neutral by 2025.

**Electricity Transmission.** Obama supports the development of a “Smart Grid,” as called for by the Energy Independence and Security Act of 2007. The Smart Grid would upgrade the existing transmission system with technologies to store energy, reduce consumption during peak hours, and facilitate the connection of distributed generation to the transmission system. Obama has said he would establish a Grid Modernization Commission to facilitate the adoption of Smart Grid practices and establish a grant program to help with Smart Grid investments.





**Efficiency Incentives for Utilities.** The Obama-Biden Energy Plan also includes a proposal to decouple utility profits from increased energy usage and incentivize utilities to reduce monthly energy bills for consumers. Obama supports the development of a profit model for utilities where profits are based on performance and reliability rather than total production.

## IV. Oil and Gas

The Obama-Biden Energy Plan sets goals to reduce U.S. dependence on foreign oil by reducing oil consumption and by creating new regulations for U.S. oil companies. Obama also supports the construction of the Alaska Natural Gas Pipeline.

**Energy Independence.** Obama proposes to reduce U.S. oil consumption by 35%, or 10 million barrels, by 2030. Obama also supports a “Use It or Lose It” approach to existing land leases and drilling. This will require oil companies to either develop existing leases to any land (including offshore) or turn over the lease so another company may do so. The Obama-Biden Energy Plan calls for the creation of a process for early identification of infrastructure obstacles or possible federal permitting process delays to drilling in Bakken Shale in Montana and North Dakota, unconventional natural gas supplies in the Barnett Shale formation in Texas and the Fayetteville Shale in Arkansas, and the National Petroleum Reserve in Alaska. Obama also supports the immediate release of light oil from the Strategic Petroleum Reserve which would later be replaced with heavier crude more suited to U.S. long-term needs.

**Windfall Profits Tax and Rebates.** Obama proposes immediate emergency energy rebates through the implementation of a windfall profits tax. The Obama-Biden Energy Plan calls for rebates worth \$500 for an individual and \$1,000 for a married couple. Obama supports a windfall profits penalty on oil selling at or over \$80 per barrel and these rebates would be fully paid for with five years of a windfall profits tax on oil company profits.

**Commodity Futures Trading Commission (“CFTC”).** Obama supports legislation that would require the trading of U.S. energy futures on regulated exchanges. He also has called for new, disaggregated data on index fund and other passive investments to increase transparency and oversight of institutional investors. Obama also supports new CFTC legislation directing investigations into whether additional regulation is necessary to eliminate excessive speculation, including higher margin requirements and position limits for institutional investors.

**Enhanced Oil Recovery (“EOR”).** Obama favors EOR using carbon dioxide to produce more oil from existing fields. Under the Obama-Biden Energy Plan, a carbon cap-and-trade bill will create incentives for emitters to send their carbon dioxide to old oil fields for EOR. To speed up the process, Obama supports the mapping of stationary carbon dioxide sources and development of a database to help industry calculate the most cost-effective oil field destination for each source’s carbon dioxide.

## V. Alternative Fuels and Vehicles

Obama supports the advancement of hybrid technology and the creation of sustainable sources of biofuels. He has promised to invest federal resources into developing the most promising sustainable biofuel technologies and building the infrastructure to support them. Through these new initiatives, Obama seeks to help the U.S. auto industry weather the current financial crisis and become a leader in hybrid vehicle production.

**Hybrid Technology.** Obama proposes that the U.S. should put one million plug-in hybrid cars on the road by 2015, based on a federal mandate that all new vehicles have flexible fuel capability by the end of his first term in office. He also supports a \$7,000 tax credit, as well as conversion tax credits, for the purchase of advanced technology vehicles. Obama proposes that half of all cars purchased by the federal government should be plug-in hybrids or all-electric by 2012. To further support the advancement of hybrid technology, Obama proposes investment in research regarding lightweight materials and new engines. He also intends to lift the cap on buyer tax credits that currently makes them available only to the first 60,000 buyers per manufacturer so that more Americans may buy fuel efficient vehicles.

**Fuel Consumption.** Obama proposes a 4% increase in Fuel Economy Standards each year. To help ensure that new fuel-efficient cars can be built in the U.S., he supports \$4 billion in retooling tax credits and loan guarantees for domestic auto plants and parts manufacturers.

**Fuel Creation.** Obama proposes at least sixty billion gallons of advanced biofuels should be produced by 2030. He also favors a National Low Carbon Fuel Standard that will require fuel suppliers in 2010 to begin to reduce the carbon of their fuel by 5% within five years and 10% within ten years. Obama also supports incentives for increased private sector investment in advanced low-carbon fuels and a sustainability provision to ensure that increased biofuels production does not come at the expense of environmental conservation.

**Local Transportation Planning.** Obama seeks to require that governors and local leaders in metropolitan areas make “energy conservation” a required part of planning for federal transportation fund expenditures.





## VI. Environment

In addition to the issues of climate change, energy, and the economy, Obama will seek to address other environmental issues. In many instances, the President-elect has indicated that he will reverse environmental policies of the Bush Administration.

**Clean Air.** Obama supports tougher Clean Air Act regulations, including regulations relating to smog and soot and mercury emissions.

**Clean Water.** Obama supports the passage of the Great Lakes Environmental Restoration Act, aimed at wetland restoration, coastal wildlife and fisheries habitat improvement, water quality improvement and nonpoint source pollution reduction, and developing federal policies to encourage water conservation in the western U.S. Additionally, Obama supports tougher drinking water standards and regulations for concentrated animal feeding operations (“CAFOs”).

**Superfund.** Obama supports the reinstatement of the “Superfund” tax under the Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”) on chemical and petroleum feedstock to pay for cleanups and reinforce the “polluter pays” principle.

**Endangered Species Act.** Obama has opposed the Bush Administration’s proposed rulemaking to allow federal agencies to disregard the impacts of global warming and to decide for themselves, without consultation with the Fish and Wildlife Service, whether a proposed project threatens a listed species or endangers habitat.<sup>3</sup> As president, Obama has promised to undo this rulemaking.

- 1 This document presents a general summary of President-elect Obama's policy platforms and is not intended to provide legal advice for any purpose or imply endorsement of any policy. Unless otherwise indicated, source materials include: Barack Obama and Joe Biden, New Energy for America ([www.barackobama.com](http://www.barackobama.com)); Barack Obama and Joe Biden, Promoting a Healthy Environment ([www.barackobama.com](http://www.barackobama.com)); and the President-Elect Transition website ([www.change.gov](http://www.change.gov)).
- 2 Barack Obama, Clinton Global Initiative, September 25, 2008.
- 3 Dina Capiello, Associated Press, Obama Opposes Bush Endangered Species Proposal, August 13, 2008.



