



CHAPTER 3:
ENERGY



THE WINNING ARGUMENT: John McCain's energy plan

I. McCain's offshore drilling and gas tax proposals are gimmicks that will not lower gas prices.

- The official government source for energy information and data says that offshore drilling will not have a “significant impact” on gas prices (i.e., the Energy Information Administration).
- John McCain cannot find a [single economist](#) to back his claim that offshore drilling will lower gas prices in the short term – or even before 2030. His campaign's own economist [admits](#) that offshore drilling would have no immediate impact on gas prices. And McCain himself [admitted](#) that his offshore drilling proposals would not provide any “immediate relief,” but instead “would have a psychological impact that I think is beneficial.”
- McCain could not find a single economist to endorse his gas tax holiday proposal, either.
- At the end of the day, John McCain's only answer to \$4/gallon gas is a [\\$4 billion-per-year tax cut for the 5 biggest oil companies in America](#), including \$1.2 billion-per-year for ExxonMobil.

II. McCain's global warming solutions are out of date.

- Since McCain co-wrote a global warming bill in 2003, evidence has mounted that deadly effects of global warming are already well upon us. Scientists now advocate steeper, swifter reductions in greenhouse gases than McCain included in his bill..
- McCain [opposed](#) bipartisan climate legislation when it came to the Senate floor in June. The bill was championed by McCain's one-time partner on the issue, Joe Lieberman (I-CT). Specifically, McCain supported bringing the bill to a vote but said he would vote against it because it did not have enough pork for the nuclear industry.
- McCain's more recent global warming proposal falls short of the needed changes. He calls for only a 65 percent cut in carbon emissions by 2050, even though scientists say a cut of at least 80 percent is needed. He gives away permits to emit greenhouse gases to existing polluters instead of selling them, a multi-trillion giveaway to industry rather than using the resources to help regular families with higher energy costs.



III. McCain's energy plan contains billions of dollars in pork for the nuclear industry, while shortchanging wind, solar and efficiency.

- In November 2007, [McCain said](#), “I oppose subsidies. Not just ethanol subsidies. Subsidies.” But his global warming bill includes nearly [\\$4 billion in subsidies for nuclear power](#), and his energy plan calls for \$30 billion in subsidies for the coal industry.
- McCain's proposal to build 45 nuclear power plants by 2030 requires massive subsidies because Wall Street investors are reluctant to invest in this grossly expensive and risky technology.
- McCain [repeatedly voted](#) against a national renewable electricity standard to require utilities to generate a certain portion of their electricity from wind, solar, geothermal and other renewable sources. Twenty-five states have a renewable electricity standard, including his home state of Arizona.
- McCain is opposed to extending existing tax incentives to encourage energy efficiency and the development of renewable energy.

IV. McCain's record undermines his new energy proposals.

- [McCain's \\$300 million, one-time cash payment for a new electric battery is yet another gimmick](#), just like his [gas tax](#) holiday.
- McCain is [providing much larger incentives for the oil companies to keep doing business as usual](#)—especially his [\\$4 billion per year](#) tax break for the 5 biggest oil companies (including \$1.2 billion for ExxonMobil alone).
- If McCain is serious about giving people tax incentives to buy cleaner cars and use renewable energy, [why did he help the Republican leadership block clean energy tax incentives twice in the last 6 months?](#) Both times, the package failed by a single vote—his.



McCain's \$4 Billion Giveaway to Oil Companies

Our guest blogger is [James Kvaal](#), Domestic Policy Advisor at the Center for American Progress Action Fund.

Later today, Sen. John McCain (R-AZ) will visit the Petroleum Club of Denver to [pick up a stack of cash](#) for his presidential campaign. He should get a warm welcome from the oil and gas executives who show up.

The centerpiece of Sen. McCain's plan to stimulate the economy — actually, [the whole plan](#) — is large tax cuts for corporations. It would deliver \$3.8 billion in tax cuts to the five largest American oil companies, according to an analysis released today by the Center for American Progress Action Fund.

THE McCAIN TAX CUT FOR THE FIVE LARGEST AMERICAN OIL COMPANIES		
CORPORATION	U.S. TAXES IN 2007	SAVINGS UNDER THE McCAIN PLAN
Exxon/Mobil	\$4.3 billion	\$1.2 billion
Chevron	\$1.7 billion	\$480 million
ConocoPhillips	\$4.3 billion	\$1.2 billion
Valero Energy	\$1.9 billion	\$550 million
Marathon	\$1.3 billion	\$370 million
TOTAL	\$13.4 billion	\$3.8 billion

The analysis only looked at one of the McCain corporate tax breaks: the proposal to cut the top corporate tax rate from 35 percent to 25 percent. Read the whole analysis [here](#).

[<http://thinkprogress.org/wonkroom/2008/03/27/mccain-petroleum/>]



McCain Sells His Soul To Big Oil

Brad Johnson

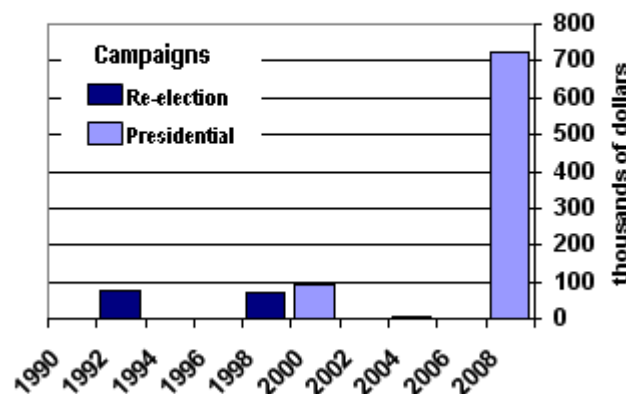
Sen. John McCain (R-AZ) is heading to Texas today for a series of fundraisers with the Texas [GOP elite](#) in [Dallas](#), [San Antonio](#), and [Houston](#). Wedged between the multiple money events will be a speech in Houston, which McCain has indicated will be on energy policy. Today, McCain told reporters that [he will call for](#):

- Lifting the federal moratorium on [off-shore drilling](#) established by President George H.W. Bush,
- [Providing incentives](#) to states to commence off-shore drilling, and
- Suspending the [gas tax](#).

This suite of proposals adds up to a big fat kiss to Big Oil and its conservative allies — at the expense of everyone else. [Unrestrained fossil fuel use](#) delivers obscene profits for Big Oil but is a [threat to the planet](#). McCain's [strong talk](#) on global warming is proving unserious — much as candidate Bush's campaign pledge to regulate carbon dioxide in 2000 [turned out to be false](#). At the very same press briefing, [McCain backtracked](#) from his vaunted mandatory system to reduce greenhouse gases.

Strapped for cash and surrounded by Big Oil lobbyists, McCain is now embracing Bush's Exxon-Halliburton [energy policy](#). Although a “megabucks” fundraiser with Midland Texas oilmen was [postponed](#), [\\$1.5 million](#) in donations have already been pledged. Midland County GOP Chair Sue Brannon told the Midland Reporter-Telegram what will happen at the fundraiser: “When the 15 oilmen giving [big time money](#) meet with McCain, all we'll ask is that he be fair.” The millions McCain is raising in Texas will be added to his impressive haul of oil industry cash this campaign season — [74 percent](#) of his lifetime receipts:

OIL & GAS INDUSTRY CONTRIBUTIONS TO JOHN MCCAIN, 1990 TO MAY 2008



1990 to 2008 cycle (May), Center for Responsive Politics,



compiled by Center for American Progress Action Fund.

According to a Campaign Money Watch analysis of campaign finance data provided by the nonpartisan Center for Responsive Politics Center, John McCain and his leadership committee have accepted at least [\\$1,069,854](#) from the oil and gas industry since 1989. Despite his mediagenic but [inconstant](#) opposition to drilling in the Arctic National Wildlife Refuge, McCain's voting record on energy policy has been consistently friendly to Big Oil — and since his campaign for president began last year, he's been steadfast:

McCain's Record of Coddling Big Oil.

– **McCain Voted Against Reducing Dependence on Foreign Oil.** In 2005, McCain voted against legislation calling on the President to submit a plan to reduce foreign petroleum imports by 40 percent. [Senate Roll Call Vote #140, [6/16/05](#); DNC [6/22/07](#)]

– **Candidate McCain's "Zero" For Energy Future, Billions For Big Oil.** Since launching his campaign for president in 2007, Sen. McCain has skipped out on every key environmental vote the Senate has considered, earning him a zero on the League of Conservation Voters scorecard this session. In one such instance, his absence killed the rollback of billions of dollars in oil subsidies for renewable energy investment. [LCV [2008](#)]

– **McCain's Absence Allows GOP to Filibuster Oil-For-Renewables.** By a roll call vote of 59-40 on December 13, 2007, Senate Democrats failed to muster the 60 votes needed to prevent a filibuster threatened by Republicans of compromise energy legislation with an oil-for-renewable tax package. The tax package rolled back \$12.7 billion in tax breaks on the oil and gas industry to invest in renewable energy tax credits. Sen. John McCain, on the campaign trail, was the one senator not voting. [CQ [12/12/07](#)] [Vote #425 [12/13/07](#)]

– **McCain's Tax Policies A Boon For Big Oil.** Sen. McCain's plan to cut the corporate tax rate to 25 percent is worth \$1.2 billion a year to Exxon Mobil alone. In addition, his plan includes a massive new corporate tax shelter. His call for a gas tax suspension would funnel money — about \$11 billion — to oil refiners and producers. [CAPAF [3/27/08](#), [4/18/08](#)]

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BIG OIL LOBBYISTS RUN McCAIN CAMPAIGN

At least [fourteen Big Oil lobbyists](#) hold top positions in the McCain campaign, including his top adviser, Charlie Black.



– **McCain’s Senior Adviser Lobbies For Foreign Oil Interests.** Charlie Black (lobbying firm: BKSJ), McCain’s senior campaign adviser, is a registered lobbyist for two Russian oil companies — Yukos Oil and Occidental International Corporation — and his lobbying firm was hired in 2005 by the China National Off-Shore Oil Corporation. [Roll Call 7/18/05, [Senate Lobbying Disclosure Records](#)]

– **McCain’s Campaign Liaison to Congress a Million-Dollar Big-Oil Lobbyist.** John Green (Ogilvy Government Relations) — the “full-time liaison between McCain’s presidential campaign and Republicans in the House and the Senate” — has made over \$7.6 million dollars since 1999 lobbying for petro-industry giants such as Amerada-Hess, Chevron Texaco, the American Petroleum Institute, Reliant Energy, PJM Interconnection and First Energy. [Politico [3/4/08](#), [Senate Lobbying Disclosure Records](#)]

– **Fossil Fuel Lobbyists Everywhere in the McCain Campaign.** Frank Donatelli, McCain’s RNC liaison to the Republican Party, has lobbied for ExxonMobil, Dominion, and Eastman Chemical. Jerry Kilgore, co-chairman of McCain’s Virginia campaign, has lobbied for Shell Oil and coal company Alpha Natural Resources. Nancy Pfotenhauer, a policy adviser and spokeswoman, has lobbied for Koch Industries. [Washington Post [3/12/08](#), O’Dwyer’s [8/9/06](#), Media Matters [2/26/08](#), [Senate Lobbying Disclosure Records](#)]

UPDATE: At [Climate Progress](#), Joe Romm suggests questions for reporters to ask McCain. Confused, [Marc Ambinder](#) writes, “I am NOT an expert here; maybe I’m missing something, so feel free to read me in, as they say. But hasn’t McCain already endorsed mandatory emissions caps?”

At [Liberal Oasis](#) Bill Scher explains: “He wants to tell moderates that he has a serious plan for our government to act against global warming. And he wants to tell conservatives that no government action will be involved. It can’t be done.”

According to the [Politico](#)’s Jonathan Martin:

The McCain campaign called to clarify his remarks. “John McCain was correctly reflecting his position, he just inadvertently said the word ‘cap’ instead of ‘target,’” said spokesman Tucker Bounds.

Today’s comment was a response to a question about mandatory “targets” for renewable energy — McCain believes that a cap-and-trade system provides enough market incentive for investment in renewables. If that’s the case (and many environmentalists would disagree), then mandatory targets wouldn’t be necessary.

[<http://thinkprogress.org/wonkroom/2008/06/16/mccain-texas-sellout/>]



Can McCain Find A Single Economist To Back His Claim That Offshore Drilling Will Lower Gas Prices?

Our guest blogger is [Adam Jentleson](#), the Communications and Outreach Director for the Hyde Park Project at the Center for American Progress Action Fund.

The government's official source for energy statistics says that offshore drilling will not have a "[significant impact](#)" on gas prices until 2030.

McCain's [own campaign](#) admits that offshore drilling will have no short term effect on gas prices:

"Douglas Holtz-Eakin, a senior advisor to McCain's campaign, acknowledged in a conference call to reporters that new offshore drilling would have no immediate effect on supplies or prices."

Yet McCain insists on touting offshore drilling as the best way to "assure affordable fuel for America," as he said in [his speech](#) on Tuesday.

This begs the question: can John McCain find a single economist who backs his claim that offshore drilling will lower gas prices in the short term – or even before 2030?

If not, what is the basis for his claim that offshore drilling will lower gas prices?

This is not the first time McCain has had trouble finding economists who would endorse his proposals for lowering gas prices – in fact, just a few weeks ago, McCain failed to find a single economist who would endorse his claim that a temporary suspension of the gas tax would provide significant relief for American families.

The policy was so thoroughly discredited that the only argument McCain and his team could muster was to simply bash economists as a group.

At a campaign stop in New Hampshire, a frustrated McCain [told the audience](#), "If you want to call it [his gas tax proposal] a gimmick, fine. You know the economists? They're the same ones that didn't predict this housing crisis we're in."

On "This Week" with George Stephanopoulos, Senior Advisor Carly Fiorina, "scoffed at the lack of support from economic analysts. '[I don't think it matters](#),' she said."



Even Senior Advisor Douglas Holtz-Eakin – a Ph.D. economist himself – got in on the act, [saying](#), “You can stack all the economists end to end and still not find common sense.”

Is this déjà vu all over again? Can McCain find a single economist to back his claim that offshore drilling will lower gas prices, or will his campaign be left with no recourse but to roll out poor Douglas Holtz-Eakin to trash his own profession, yet again?

UPDATE: The Huffington Post takes up the challenge and reports, “the consensus seemed to be that if the presumptive GOP nominee was persuading voters that he could help decrease their gas bill, he was either living in [a political fantasy or being disingenuous](#).”

[<http://thinkprogress.org/wonkroom/2008/06/20/offshore-drilling-question/>]



Lifting Offshore Moratorium Is Boon To Big Oil And No One Else

Brad Johnson

Today's speech by President Bush calling for America to [drill its way](#) out of its energy crisis is, in the words of Sen. Harry Reid (D-NV), replete with the "[failed policies of yesterday](#)" designed to "pad the pockets of Big Oil."

There are two central facts about fossil fuel use President Bush carefully avoided when he called on Congress to increase the supply of oil accessible to his industry cohorts:

– **The United States has only 2% of the world's proven oil reserves, but consumes 24% of the world's oil production.** There's simply no way for us to drill our way to energy independence or eliminate what Bush calls our "addiction" to oil. [EIA [1/29/07](#), [6/9/08](#)]

– **The energy future Big Oil and Bush desire involves burning up the planet.** The American Petroleum Institute is promoting an increase in oil demand of 45% by 2030, which would lead to global warming 8.9 to 11°F above pre-industrial levels — guaranteeing global catastrophe. Bush's "rational, balanced" approach to global warming is in line with this scenario. [CAPAF [4/16/08](#), [4/25/08](#)]

Bush's justification for ending the federal moratorium on Outer Continental Shelf drilling that was signed into law by [President Reagan](#) and extended by [President George H.W. Bush](#) after the [Exxon Valdez](#) relies on misleading and false statements. In the Rose Garden today, [Bush 43 said](#):

So my administration has repeatedly called on Congress to expand domestic oil production. Unfortunately, Democrats on Capitol Hill have rejected virtually every proposal — and **now Americans are paying the price at the pump for this obstruction.**

Congress — which was under Republican control for most of the Bush presidency — is [not blocking drilling](#). The number of off- and on-shore drilling permits has exploded in recent years, going from 3,802 five years ago to 7,561 in 2007. Between 1999 and 2007, the number of drilling permits issued for development of public lands increased by more than 361%.

In fact, Congress and this administration have already [opened the floodgates](#) for more oil and gas drilling in the years to come. Since 2002, the number of permits issued has



greatly outstripped the number of new wells drilled. In the last four years, the Bureau of Land Management has issued 28,776 permits to drill on public land; yet, in that same time, 18,954 wells were actually drilled. That means that companies have stockpiled nearly 10,000 extra permits to drill that they are not using to increase domestic production.

Furthermore, [less than a quarter](#) of offshore acreage open to drilling is being used. Only 10.5 million of the 44 million leased acres are currently producing oil or gas.

The [vast majority of federal oil and gas resources offshore are already available](#) for development. According to the Minerals Management Service, of all the oil (85.9 billion barrels) and gas (419.9 trillion cubic feet) believed to exist on the Outer Continental Shelf, 82% of the natural gas and 79% of the oil is located in areas that are currently open for leasing (such as areas in the Gulf of Mexico and off the Alaska coast).

This has [nothing to do with lowering fuel costs](#) for Americans in the short, medium, or long term. The auto industry, for example, can change its production mix to more efficient cars within six weeks, and can roll out new production models in three years. But it takes ten years for newly leased oil fields to start producing oil, and around twenty years to reach peak production.

Lifting the offshore drilling moratorium is [worth \(maybe\) 4 cents a gallon](#) — in 10 to 20 years. This uses generous estimates, assuming that all the recoverable oil is drilled and reaches peak production by 2025, and that the impact on the price of a barrel of oil is at the high end of estimates (\$1.50 per barrel or \$.0375 per gallon of gas). If the oil is extracted at its maximum rate, it would all be gone in five years.

In fact, it is conservative and industry obstruction that is making Americans pay at the pump — from the [repeated filibusters of renewable energy](#) and energy efficiency incentives to [years of obstructing](#) improved fuel economy standards.

UPDATE: At [Climate Progress](#), Joe Romm notes that the 2007 Annual Energy Outlook from the U.S. Energy Information Administration found:

The projections in the OCS access case indicate that access to the Pacific, Atlantic, and eastern Gulf regions [would not have a significant impact](#) on domestic crude oil and natural gas production or prices before 2030.

And in 2030, “any impact on average wellhead prices is expected to be insignificant.”

[<http://thinkprogress.org/wonkroom/2008/06/18/bush-offshore-oil/>]



McCain Gas Tax Holiday Worth Only 60 Cents a Day

Our guest blogger is [Sam Davis](#), Policy Analyst at the Center for American Progress Action Fund.

Sen. John McCain (R-AZ) has a [prescription](#) for the country's gas woes, proposing to put the 18.4 cent federal gas tax on a three-month hiatus between Memorial Day and Labor Day. Indeed, we've heard this idea once [before](#) and economists continue to be [weary](#) of its intended net effect. What's different this time however, is the spin and the reality.

Spin: Outlining his proposal, Senator McCain [said last Tuesday](#), "The effect will take a few dollars off the price of a tank of gas every time a family, a farmer, or trucker stops to fill up."

Reality: [Most](#) of the tax break will go to corporations, not families. Oil companies and their executives are already doing better than ever. Two years ago, Lee Raymond, former CEO of Exxon was given a severance package worth upwards of [\\$400 million](#) after leading the company to its highest ever recorded profit in 2006 of \$36 billion. The previous year, his salary and bonus was a combined: \$69.7 million or [\\$190,915 a day](#). After just his first year on the job, current Exxon CEO, Rex Tillerson oversaw another record profit year for the company of \$40 billion, earning him [\\$21.7 million](#) or \$59,452 a day.

Even if all of the benefits from the tax breaks go to families, however, it will make little difference for them. The median American family's daily savings during the three-month tax holiday proposed by Senator McCain? 60¢.

HOUSEHOLD INCOME	ANNUAL MILES DRIVEN	SAVINGS FROM 3 MONTH TAX HOLIDAY
< \$5,000	13,500	\$28.52
\$5,000 to \$9,999	13,400	\$29.76
\$10,000 to \$14,999	13,200	\$29.62
\$15,000 to \$19,999	16,200	\$36.25
\$20,000 to \$24,999	16,600	\$36.52
\$25,000 to \$34,999	19,300	\$43.24
\$35,000 to \$49,999	23,800	\$54.42
\$50,000 to \$74,999	28,300	\$64.08
\$75,000 <	31,900	\$71.25

Source: Energy Information Administration, *Household Energy Use: Latest Data & Trends*, September 2005, table A-2; and Center for American Progress independent analysis.



Spin: McCain [told CNBC](#) this past Tuesday, “I think high gas taxes are a regressive tax. The people who drive the furthest are the lowest income Americans. It is incredibly regressive. Where’s the fairness there?”

Reality: Not only do families who make less, drive less, they do not consume more gasoline nor do they spend more on gasoline. An analysis of the latest available data reveals that in fact, Senator McCain’s “gas-tax holiday” idea is itself regressive. The more a family earns, the more they drive, and the more a higher-earning household would save under Senator McCain’s plan.

Methodology: The Energy Information Administration, Household Energy Use: Latest Data & Trends, September 2005, table A-2, provides a breakdown of household income and their respective annual gallons of gasoline consumption and miles driven. Taking each respective annual gallon of consumption, we calculated the monthly consumption and multiplied each gallon by the current average price of regular gasoline (\$3.39). At which point, we subtracted the 18.4 cent tax from each gallon for the month and calculated the savings from the tax cut per month than multiplied that number by 3 for the number of months Senator McCain’s tax holiday would be in effect.

[<http://thinkprogress.org/wonkroom/2008/04/18/gas-tax-holiday/>]



McCain's Gas-Tax Holiday From Reality Continues

Brad Johnson

Two weeks ago, Sen. John McCain (R-AZ) proposed a summer-long “gas tax holiday.” Since then, he’s been faced with the challenge that such a moratorium may sound good but would be terrible policy.

When it was pointed out that the federal gas tax funds [critical transportation infrastructure and jobs](#), a spokesman said McCain would pay the \$11 billion tab from the “[general revenue](#).”

When it was pointed out that cutting the federal gas tax would [minimally affect the price at the pump](#), McCain then said his proposal was just “[a little psychological boost](#).”

When it was pointed out today by MSNBC anchor Mika Brzezinski that the tax cut is an [expensive](#) and [environmentally unsound](#) policy that would [do nothing](#) to [help American drivers](#), McCain finally erupted:

Mika, you know what? All it is is **it’s not the end of Western civilization as we know it according to some, quote, economists** and some around America. It’s just to give Americans a little relief.

He then exposed how out of touch he is with the realities of America by saying:

I think it’s obvious that the lowest-income Americans drive the furthest and probably they spend more on gasoline because of the age of their automobiles.

In fact, [lowest-income Americans drive the least](#), and most of the benefits of the gas-tax holiday would go to [high-income Americans](#).

No amount of bluster can disguise that this proposal — just as it was when [Sen. Bob Dole proposed a similar gas tax holiday](#) as the Republican presidential nominee in 1996 — is a [violation of the responsible economic principles](#) Sen. McCain has formerly espoused.

UPDATE [5:30 PM]: Michael Bloomberg, the mayor of New York City, [tells the Observer](#) a gas tax holiday “would help Chavez, Qaddafi and other people like that.” He also said:

It’s the dumbest thing I’ve heard in an awful long time from an economic point of view. I don’t understand why you think there’s any merit to it whatsoever. We’re trying to discourage people from driving and we’re trying to end our energy dependence. We don’t do that — oh, and incidentally, we’re trying to have more money to build infrastructure. All three of those things go fly in the face of giving everybody \$30 a year. **The \$30 bucks is not going to change anybody’s lifestyle. The billions of dollars that we would otherwise have in tax revenues can make a big difference as to what kind of a world we leave our children.**

[<http://thinkprogress.org/wonkroom/2008/05/01/mccain-gas-tax-bluster/>]



Three Questions for Sen. McCain on Global Warming

By Dan Weiss

1. Will McCain Modernize His Plan Based on the Latest Science?

Since John McCain (R-AZ) co-wrote a global warming bill in 2003, evidence has mounted that the most serious effects of global warming are already well upon us. Scientists now advocate steeper, swifter reductions in greenhouse gases than they did five years ago. Will McCain's upcoming global warming speech demonstrate he understands the immediate consequences of not acting quickly to reduce greenhouse gases? Or will he cling to his now outdated positions? Here are four key criteria for evaluating whether his plan is serious.

McCain's proposal must reflect the latest scientific urgency about deep mid- and long-term reductions in greenhouse gas emissions. The concentration of greenhouse gases in the atmosphere has already risen from the pre-industrial level of 280 parts per million to 385 ppm. Scientists believe that we must stabilize gases at about 450 ppm to prevent a 2 degree Celsius increase in worldwide temperatures and stave off the most severe consequences of global warming. To prevent this catastrophe, the United States must reduce annual greenhouse gas emissions from its current level of 7.1 billion metric tons by:

- 20 percent below 1990 levels by 2020 (to 5.7 billion metric tons)
- 80 percent below 1990 levels by 2050 (to 1.2 billion metric tons)

McCain must require polluters to purchase their pollution allowances, not let them receive the permits for free. Sen. McCain's proposal relies on a greenhouse gas "cap-and-trade" system that require emitters to buy or have a permit for every ton of greenhouse gases they emit, as do most other legislative proposals that are serious about combating global warming. Under these proposals, the number of available allowances declines over time, so their value will increase. The auction of these emissions allowances to emitters would generate tremendous revenue—as much as \$300 billion a year. These resources could be used for rebates to compensate low- and middle-income households for higher energy costs, and for investments in renewable and efficient energy. Many polluting companies, however, want the permits for free rather than having to buy them in an auction. Giving away permits would give companies a huge windfall because they are likely to raise prices anyway, as did European corporations under the European Union cap-and-trade system. In contrast, the Regional Greenhouse Gas Initiative by a number of northeastern states will require that emitters buy their allowances. Auctioning all the permits in a nationwide program will provide enough revenue to offset higher energy costs for struggling families and our nation's quest for clean energy and energy independence.

McCain's plan must reduce the pain of higher energy costs on low- and middle-income Americans. Because most of the cost of pollution permits will be passed along to consumers, rebates are needed to shield low- and middle-income Americans from higher energy costs.



McCain must require that the United States act now, not wait for action by China, India, and other developing nations. As one of the wealthiest nations in the world, and the country responsible for more greenhouse emissions already in the atmosphere than any other country—27 percent of the total—the United States has to lead on climate change. Once we adopt binding reductions in greenhouse gases, then we will have the standing to get developing nations to pursue their own reductions. President Bush and many other conservative opponents of global warming solutions insist the United States should not adopt binding reductions unless developing nations do so as well.

Since 2003, climate science has demonstrated the urgency of such action, and the political environment has shifted substantially in the same direction. McCain's former partner on his 2003 legislation, Sen. Joseph Lieberman (I-CT), has joined with Sen. John Warner (R-VA), Sen. Barbara Boxer (D-CA), and three other Republicans to push a more aggressive bill. But McCain said he is looking for more subsidies for nuclear power before supporting this bipartisan bill. Comparing McCain's plan with the Lieberman/Warner legislation shows that McCain is lagging behind other Republicans in leadership on global warming.

2. Will McCain Support energy efficiency and Renewable Policies to Reduce the Cost of Global Warming Pollution Cuts?

A cap-and-trade system alone is inadequate to address global warming. Other complementary policies can help meet emissions targets more quickly and at a lower cost, such as investments in energy efficiency and renewable energy alongside necessary compliance standards. This is true for several reasons:

Although a cap-and-trade system will put a price on carbon, the initial price could be relatively low, particularly if the allowances are given away. Moreover, incentives for research, innovation, and infrastructure investment could be undermined by volatile prices.

Some innovations, such as plug-in hybrids, may require incentives for consumers to purchase them when they first enter the market. There are constructive roles for the government to play in speeding basic research, and in encouraging investments in deployment so that innovators can carry their new, energy-efficient products across the so-called "valley of death" between invention and successful commercialization.

There may be collective problems impeding the adoption of clean energy measures, such as the structure of the electricity markets, which rewards utilities for selling more electricity, as well as disincentives for renters to make their facilities more energy-efficient.

There are a number of complementary policies that would lower the cost and speed the reductions in greenhouse gases. Sen. McCain could:

- Endorse higher fuel economy incentives and requirements for automobiles beyond the 35 miles-per-gallon by 2020 fleetwide average that became law in 2007.



- Shift tax incentives from oil-and-gas exploration toward energy efficiency and renewable energy.
- Establishment of a national “renewable electricity standard” to complement the existing efforts of 26 states. The national standard would require utilities to produce 15 percent or more of their electricity from renewable sources by 2020.

3. Will McCain Make a Costly, Risky Bet on Nuclear Power?

McCain’s energy plan relies heavily on new nuclear power plants to provide electricity. He says he will support the Lieberman-Warner Climate Security act only “if we have a dramatically increased role for nuclear power.” He insists that “nuclear power has got to be a very big part of any effective action to reduce greenhouse gas emissions.” His global warming bill, S. 280, includes at least \$3.7 billion in new subsidies for nuclear power, including federal funds for design and engineering, licensing, and loan guarantees. This approach, however, would require billions of dollars of subsidies, millions of gallons of water, and an unprecedented nuclear plant construction boom—alongside 10 new Yucca Mountains to dispose of the high-level nuclear waste.

Here’s what’s wrong with McCain’s nuclear-power ambitions:

Making a Dent in Global Warming Would Require a Huge Number of Nuclear Plants.

Doubling worldwide production of nuclear power would provide only one-seventh of the needed greenhouse gas emission reductions. According to the Keystone Institute, using nuclear power to stave off global warming “would require adding on average 14 plants each year for the next 50 years, all the while building an average of 7.4 plants to replace those that will be retired,” and “10 [nuclear waste] dumps the size of Yucca Mountain.”

Huge Subsidies Would Be Needed, and Then Still More Subsidies. Nuclear power received huge subsidies over the past 60 years, a pattern sure to be continued if McCain’s proposal is adopted. The Congressional Research Service found that nuclear power received \$74 billion in federal government support from 1948 to 2003, calculated in constant dollars as of 2003, more than half of all federal energy R&D money. Although nuclear power plants are now a mature technology, Congress continues to subsidize them because Wall Street investors are otherwise unwilling to invest in such risky, expensive endeavors. In 2005, Congress enacted \$13 billion in additional federal support, including nearly \$6 billion to operate plants.

Nuclear Plants Take Too Long to Build. It takes 10-to-15 years to plan, design, license, and build a nuclear power plant. Energy efficiency, for instance, can reduce energy demand much more quickly than the construction of nuclear plant. And it takes only 18 months to two years to build a wind farm.

Nuclear Plants Would Worsen Water Shortages. Nuclear power requires more water for cooling than any other source of electricity, consuming up to 720 gallons per megawatt hours, compared to coal-fired power plants, which consume up to 480 gallons/mWh. These vast quantities of water may be hard to find if global warming leads to more and longer droughts. AP reported that “During Europe’s brutal 2006 heat wave, French, Spanish and German utilities were



forced to shut down some of their nuclear plants and reduce power at others because of low water levels.” During the record drought in the U.S. southeast last year, 24 nuclear power plants ran the risk of shutdown due to water shortages.

Conclusion

It is clear that the McCain-Lieberman legislation of 2003 is an inadequate response to global warming. The bipartisan coalition in the Senate has moved ahead without Sen. McCain, and even Sen. McCain’s advisors have said that his plans need revision. Yet it’s not yet clear whether his revised plans will go far enough. That’s why the American people need to know:

- Whether McCain’s cap-and-trade proposal would achieve the necessary greenhouse gas reductions, help families rather than providing windfall profits to polluting companies, and exercise American leadership on global warming rather than using other countries as an excuse for inaction.
- Whether McCain will make the investments in renewable energy and energy efficiency that can help reduce greenhouse gas emissions faster and at a lower cost.
- Whether McCain will primarily rely on nuclear power, requiring billions of dollars more in subsidies for the costly, thirsty, waste-producing nuclear industry.

[http://www.americanprogressaction.org/issues/2008/mccain_gw_questions.html]



McCain's Corporate Tax Cut Would Save Energy & Utility Companies Over \$2.8 Billion

Ben Furnas

A global warming plan that weans America off [dirty energy](#) requires taking a stand against the huge utility & energy companies. But John McCain's tax plan seems slightly more interested in lining their pockets.

An analysis from the Center for American Progress Action Fund finds that John McCain's [massive corporate tax cut](#) would save America's ten largest electrical utility companies and ten largest energy companies over \$2.8 billion. (This is in addition to the [\\$4 billion tax break](#) for America's five largest oil companies.)

McCain Corporate Tax Cut Would Give Big Breaks to Large Energy and Utility Companies			
	2007 U.S. Taxes	Savings Under the McCain Plan	2007 Worldwide Profits
Utility Companies			
Exelon	\$2.7 billion	\$780 million	\$2.7 billion
Dominion Resources	\$1.6 billion	\$450 million	\$2.5 billion
Southern	\$730 million	\$210 million	\$1.7 billion
FPL Group	\$310 million	\$87 million	\$2.5 billion
AES	\$7 million	\$2 million	-\$95 million
Consolidated Edison	\$360 million	\$102 million	\$930 million
Public Service Enterprise Group	\$840 million	\$241 million	\$1.3 billion
PG&E Corp	\$450 million	\$130 million	\$1 billion
Duke Energy	\$690 million	\$200 million	\$1.5 billion
Edison International	\$160 million	\$45 million	\$1.1 billion
Subtotal for Utility Companies	\$7.9 billion	\$2.2 billion	\$15 billion
Energy Companies			
Constellation Energy	\$350 million	\$100 million	\$820 million
Oneok	\$160 million	\$45 million	\$300 million
American Electric Power	\$500 million	\$140 million	\$1 billion
Williams	\$470 million	\$130 million	\$990 million
Reliant Energy	\$120 million	\$35 million	\$490 million
Integrus Energy Group	\$70 million	\$20 million	\$250 million
Energy Future Holdings	\$170 million	\$49 million	\$330 million
Calpine	-\$470 million	N/A	\$2.7 billion
Global Partners	\$360 thousand	\$100 thousand	\$2 million
NRG Energy	\$380 million	\$110 million	\$1 billion
Subtotal for Energy Companies	\$2.2 billion	\$640 million	\$8 billion
TOTAL	\$10 billion	\$2.8 billion	\$23 billion

Read the full analysis and see the chart [here](#).

[<http://thinkprogress.org/wonkroom/2008/05/13/mccain-utility-tax-cut/>]



Energy Industry Campaign Cash Fuels Straight Talk Express

Our guest blogger is [Daniel J. Weiss](#), a Senior Fellow and the Director of Climate Strategy at the Center for American Progress Action Fund.

Republican Presidential nominee apparent John McCain brags about his leadership on climate change. He even taunted Barack Obama and Hillary Clinton when [he said](#):

I don't know what their position is because I haven't seen them show **any particular commitment in the U.S. Senate or elsewhere** [on climate change]. I have proposed legislation and fought for amendments.

With all of his [bragging about global warming](#), you would think Sen. McCain would be at the center of this week's Senate's debate over the [Climate Security Act](#), sponsored by Barbara Boxer (D-CA) [Joe Lieberman](#) (I-CT), and [John Warner](#) (R-VA). Unfortunately, he doesn't plan to participate in the debate, and [opposes the bill](#) because it lacks big bucks to build nuclear power plants.

How come the Straight Talk Express can't find the U.S. Senate for this critical debate?

TOP CAMPAIGN RECIPIENTS FROM OIL, COAL, ELECTRIC UTILITY, AUTO, CHEMICAL AND NUCLEAR INDUSTRIES		
Rank	Senator	Total
1	Hutchison, Kay Bailey (R-TX)	\$2,877,075
2	McCain, John (R-AZ)	\$2,035,739
3	Cornyn, John (R-TX)	\$1,976,563
4	Voinovich, George V (R-OH)	\$1,948,604
5	McConnell, Mitch (R-KY)	\$1,881,740

1990 to 2008 cycle (June), Center for Responsive Politics, compiled by Center for American Progress Action Fund.

Is it because Sen. McCain has received more money from the special interests that oppose this bill than all but one other member of the Senate? He has received over \$2 million from oil, coal, utility, auto, chemical and nuclear companies from the [1990 cycle to the first quarter of 2008](#). In fact, of this total, McCain received nearly two-thirds of it — \$1.2 million — since he began his [presidential quest](#) 18 months ago. And like Senator McCain, these interests and the trade associations they fund [oppose](#) the Climate Security Act.



OIL & GAS INDUSTRY CONTRIBUTIONS TO JOHN MCCAIN		
Year	Amount	Season
2008	\$485,526	Presidential Campaign
2006	\$2,600	
2004	\$7,050	Re-election Campaign
2002	0	
2000	\$94,847	Presidential Campaign
1998	\$71,425	Re-election Campaign
1996	\$2,100	
1994	0	
1992	\$77,755	Re-election Campaign
1990	\$2,250	
Total	\$743,553	

1990 to 2008 cycle (June), Center for Responsive Politics, compiled by Center for American Progress Action Fund.

*See update below for revised 2008 figure.

Since McCain began running for president in 2007, he missed all the important clean energy votes. He did make sure to wink at big oil by announcing he would have [supported](#) its existing unjustified tax breaks had he been around. The bipartisan effort to close these loopholes failed by [one vote](#). And after he missed the opportunity to become the deciding vote to extend tax incentives for [efficiency and wind and solar power](#) by adding it to the stimulus package, he gave a nod to big coal and huge utility conglomerates by announcing he would have [opposed this measure](#) too.

Sen. McCain plans to use his support for reductions in global warming pollution as a central element in his effort to [distinguish himself](#) from President Bush. On June 3rd, he proclaimed, “The next President must be willing to [break completely with the energy policies](#) not just of the Bush Administration, but the administrations that preceded his.” But Sen. McCain is a leader in campaign donations from the same interests who helped [Bush write his energy plan](#) that brought us \$4 gallon gasoline. And like the Bush administration, he also opposes the Climate Security Act.

Frequently, Sen. McCain has [lectured his colleagues](#) about the corrupting nature of campaign contributions and lobbyists. He preached that “Our government must be free from corrupting influences, both real and perceived.” A large part of his reputation as a “maverick” rests on this issue. Yet his campaign [is run by lobbyists](#). And he has received more campaign cash from big energy companies than 98 other senators, and then joins their opposition to the Climate Security Act. Sen. McCain appears to be nothing more than another senator influenced by special interests — a prime example of the Washington influence system that he bemoans.

Read the full report — [PACing Away the Climate Security Act?](#)

[<http://thinkprogress.org/wonkroom/2008/06/04/polluter-mccain-cash/>]



McCain Is Close To Bush, Not Democrats, On Global Warming

Brad Johnson

Newsweek's [cover story on the presidential candidates and global warming](#) quotes UC Berkeley energy professor Dan Kammen, a supporter of Sen. Barack Obama (D-IL)'s presidential campaign:

It's unusual to have a Republican candidate who openly disagrees with the Bush administration on the need for capping carbon emissions. **There's more disagreement with the current administration than with each other.**

The idea that Sen. John McCain (R-AZ) is closer to the Democratic candidates running for president than he is to the president is popular with the political elite. Joe Klein similarly said "[McCain's distance from George W. Bush seems greater than from the Democrats](#)" on foreign policy issues like global warming. What McCain says he wants to do about global warming certainly sounds better than what the Bush administration has accomplished.

A look at the facts paints a different picture.

- [Like Bush, McCain's global warming talk is good](#) — both speaking in generalities about needing to be "good stewards" and get "serious" about climate change.
- [Like Bush, Candidate McCain is drenched in ties to Big Oil](#) — McCain's campaign is run by lobbyists for Saudi Arabia and energy companies, and McCain has repeatedly blocked attempts to roll back subsidies for Big Oil.
- [Like Bush, McCain uses China and India as an excuse for inaction](#) — When asked about global warming policy, both [Sen. McCain](#) and [Bush](#) say that India and China have to participate in a global agreement — ignoring the fact that unlike the United States, both countries are signatories to the Kyoto Protocol. Moreover, the rest of the industrialized world is not making excuses — [they've set to work.](#)

McCain shares much with Bush. McCain's one significant difference, played up by his supporters, is his call for a cap-and-trade system to reduce emissions. But McCain's vision of how such a system would work — despite the words of Kammen and Klein — is starkly different from that of the Democratic candidates. There are three core guidelines by which global warming policy should be judged:

1. Does it meet scientific principles?
2. Does it make polluters pay?
3. Does it promote social equity?

Sen. Clinton has released a [detailed global warming plan](#), as has [Sen. Obama](#). Both follow the above guidelines, calling for 80% reduction in emissions by 2050, supporting 100% auction of



pollution allowances, and prioritizing investment in green jobs and helping low-income households.

On the other hand, McCain [has failed to release any clear global warming policy](#), and his [economic](#) and [health care plans](#) are designed for the benefit of millionaires and [giant corporations](#) at the [expense of everyone else](#). However, McCain's people have made it clear he does have one bedrock principle when it comes to global warming policy — [“He wants to see the use of nukes.”](#)

UPDATE: Dan Kammen [responds](#):

Brad Johnson raises an important, in fact central, issue about energy, climate and politics: namely that good rhetoric is simply insufficient, we are well past the point where we personally, and our elected officials must ‘walk the walk’.

In California, for example, we have climate policies on the books that call for a ~ 25% decrease in greenhouse gas emissions by 2020 (AB32), and 80% reductions by 2050 (Executive Order 3-05). These are great words, and the politicians who penned them are truly to be commended, but we must make good on these targets.

The first step for action is having a plan, and in this respect I give California, the northeast/mid-Atlantic climate coalition, and the exciting, emerging, plan for the upper-Midwest.

This is where I have to disagree with Brad.

There is no doubt that McCain's ‘green credentials’ can be questioned. Nevertheless, he has shown a willingness to talk about and even work on significant (even if insufficient) legislation. As a result, I can't disagree more with the comment:

* Like Bush, McCain's global warming talk is good — both speaking in generalities about needing to be “good stewards” and get “serious” about climate change.

There has been absolutely no useful language from President Bush on this topic. His international ‘forum’ on climate is even termed, within the administration, the ‘dirty dozen’ (well, dirty 11, with Australia defecting).

So, no question, Brad is right that McCain has both been vague and has not gone as far as is needed. He is, however, part of a conversation that is far more enlightened than we have seen in federal office in recent times. That is a start.

Dan Kammen Professor, Energy and Resources Group, University of California, Berkeley

[<http://thinkprogress.org/wonkroom/2008/04/07/newsweek-story-mccain/>]

