

K&L GATES

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Energy Policy and Politics

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Energy Policy Politics

- Both sides claim “all of the above” strategy but have different priorities and approach to Energy Policy

Candidate surrogates debate at Business Round Table (July 11, 2012)

Dan Reicher (Obama) contended the president's "all of the above" approach toward energy, which includes government regulations, spending and inducements to drive incentives, was helping the United States to develop a more competitive energy policy that offered a better economic future for the country. Romney's approach, he argued, was built around the idea of drilling more oil.

Linda Gillespie Stuntz (Romney) argued that the Obama administration relied on picking winners and losers, an ill-advised strategy that has throttled energy development and economic growth, while squandering hundreds of millions of dollars for politically favored projects. On the first day of a Romney administration, the President would approve the Keystone XL pipeline, she said, and regulatory and permitting reforms would be priorities.

- Important to understand how policies may impact business plan

Energy Policy Comparison

Obama	Romney
<p>Develop and Secure America’s Energy Supplies</p> <ul style="list-style-type: none"> ❑ Expand Safe and Responsible Domestic Oil and Gas Development and Production ❑ Lead the World Towards Safer, Cleaner, and More Secure Energy Supplies <p>Provide Consumers with Choices to Reduce Costs and Save Energy</p> <ul style="list-style-type: none"> ❑ Reduce Consumer Costs at the Pump with More Efficient Cars and Trucks ❑ Cut Energy Bills with More Efficient Homes and Buildings <p>Innovate Our Way to a Clean Energy Future</p> <ul style="list-style-type: none"> ❑ Harness America’s Clean Energy Potential ❑ Win the future through Clean Energy Research and Development ❑ Lead by Example: The Federal Government and Clean Energy <p>Source: White House “Blue Print for a Secure Energy Future”</p>	<ul style="list-style-type: none"> • Empower states to control onshore energy development; ▪ Open offshore areas for energy development; ▪ Pursue a North American Energy Partnership; ▪ Ensure accurate assessment of energy resources; ▪ Restore transparency and fairness to permitting and regulation; and ▪ Facilitate private-sector-led development of new energy technologies. <p>Source: “The Romney Plan For A Stronger Middle Class - ENERGY INDEPENDENCE”</p>

Energy Policy Comparison

Obama	Romney
<ul style="list-style-type: none"> • Focus on funding for research, development, and production of renewable energy sources such as solar, wind, and biofuels. • World markets determine Oil/Gas prices, opposes tax breaks, more oversight • Win Future through Clean Energy R&D, utilize ARPA-e • Seeks to create markets for innovative clean technologies that are ready to deploy • Federal Government should lead by example • \$40B stimulus for clean energy programs • Delayed decision on Keystone Pipeline • Better Buildings Challenge: improve energy efficiency of buildings 20 percent by 2020 • Supports EPA rules to further cut emissions at coal plants • Struck deal with automakers: raise fuel standards from 35.5 mpg to 54.5 mpg by 2025 	<ul style="list-style-type: none"> • Develop all domestic energy sources oil, gas, nuclear, coal, alternatives; states decide more • NRC approve new designs, license reactor designs on approved sites within two years • Seeks significant regulatory reform, fast-track approval processes; exclude carbon regulation • Fund R&D for basic research ...utilize DARPA-like funding, ARPA-e • Alternative energy demo projects by the government, let private industry commercialize • Encourages small business innovation • Government should not pick winners & losers • Approve Keystone Pipeline, partner Canada • Supports tax breaks and loans for energy efficiency in homes and businesses • Opposes Production Tax Credit for Wind • Supports Renewable Fuel Standard • Believes higher fuel-economy standards are “disadvantageous for domestic manufacturers

Climate Change

Obama	Romney
<p>In 2008, Obama campaigned on a pledge to enact a sweeping cap-and-trade law that would slash fossil fuel pollution, mandate increased production of renewable electricity, and spend \$150 billion on clean energy research over a decade. The bill failed in the Senate, but Obama has continued to pursue elements of climate-change and carbon-reduction policy. He used his executive authority to issue Environmental Protection Agency regulations to cut fossil-fuel emissions from power plants and to ramp up fuel-economy standards for vehicles. In an April interview with <i>Rolling Stone</i>, the president said, "I will be very clear in voicing my belief that we're going to have to take further steps to deal with climate change in a serious way."</p> <p>Source: National Journal</p>	<p>In his book <i>No Apology</i>; Romney wrote, "I believe that climate change is occurring I also believe that human activity is a contributing factor," and he floated the idea of a carbon tax to reduce fossil-fuel pollution. But in a campaign appearance last fall he said, "My view is that we don't know what's causing climate change on this planet. And the idea of spending trillions and trillions of dollars to try to reduce CO emissions is not the right course for us." Romney would overhaul the Clean Air Act to streamline environmental controls on coal-fired power plants and oil refineries, and would eliminate EPA's authority to regulate carbon pollution.</p>

Oil & Gas

Obama	Romney
<p>Obama supports some expansion of oil and gas drilling: EPA and the Interior Department have approved permits for drilling in U.S. waters in the Arctic Ocean off the Alaskan coast. He is cautiously supportive of hydraulic fracturing, aka "fracking," to extract deposits of oil and gas trapped in shale, although EPA has issued new regulations for the process. Obama has touted the fact that domestic oil drilling is at its highest level in eight years and that the nation's dependence on foreign oil has dropped to below 50 percent for the first time in 13 years. But much of that improvement resulted from the selling of drilling leases during the Bush years and from activity on private land, which doesn't require federal permitting. Obama wants to end \$4 billion in annual tax breaks to big oil companies.</p>	<p>"The United States is blessed with a cornucopia of carbon-based energy resources," says Romney's jobs plan. Romney would have the Interior Department conduct an inventory of the nation's oil and gas resources, and he would permit drilling "wherever it can be done safely," including off the Atlantic and Pacific coasts, in the Arctic National Wildlife Refuge, in the Gulf of Mexico, and off the Alaskan coast. He calls for streamlining drilling permitting with a "one-stop shop" for approval of common activities. To encourage states to allow more exploration, Romney would allow coastal states to share in revenues from offshore drilling. He would promote "fracking" of gas and oil trapped in shale, allowing states to regulate fracking without enduring "overly aggressive interventions" by EPA.</p>

Source: National Journal

Renewables

Obama	Romney
<p>Despite GOP attacks in the wake of the Solyndra controversy, Obama has continued to push for loan guarantees, cash grants, and tax credits for the production of wind and solar power, and tax breaks for the purchase of hybrid and electric vehicles. He has ramped up the Pentagon's use of renewable energy through major purchase agreements for wind and solar power and for biofuels. Obama hopes to expand the funding of cutting-edge technology research. He has proposed a "clean-electricity standard" that would mandate electricity production from zero-carbon sources, including wind and solar.</p> <p>Source: National Journal</p>	<p>Romney would end loan guarantees, cash grants, tax incentives, and other such spending on clean energy research; he would instead redirect the money toward basic research in programs such as the Energy Department's Advanced Research Projects Agency-Energy. This is one area where he overlaps with Obama, who has also made ARPA-E a top priority. "Government has a role to play in innovation in the energy industry," Romney writes in his jobs plan. But he adds, "We should not be in the business of steering investment toward particularly political favored approaches."</p>

Nuclear

Obama	Romney
<p>The president supports policies that would lead to an expansion of nuclear energy. His proposed climate change policies, if enacted, could lead to a boost in nuclear-energy production. He has asked Congress to pass a clean-electricity standard that would mandate the production of electricity from zero-carbon sources, including nuclear power. He opposes construction of a federal nuclear-waste dump at Yucca Mountain, Nev., and he tasked a blue-ribbon panel to come up with alternative options for disposing of the waste. In the wake of the nuclear meltdown in Japan, the Nuclear Regulatory Commission has issued a slew of safety recommendations for new nuclear power plants.</p> <p>Source: National Journal</p>	<p>Romney would push to expand nuclear energy by streamlining licensing procedures for new nuclear reactors so that projects with an approved design or adjacent to existing facilities could be completed within two years. He would give the Nuclear Regulatory Commission the resources to review and approve several types of nuclear reactors quickly. Romney has criticized Obama's opposition to building a nuclear-waste dump at Yucca Mountain, Nev., but says that if the people of Nevada don't want the facility, the federal government should allow other states to identify potential sites for the project. "Let the free market work," Romney says. "That's the right course for America."</p>

Federal Energy Policy Actions

(recent examples – policy impacts business decisions)

OBAMA EXPEDITES SEVEN SOLAR, WIND PROJECTS: President Obama announced plans to expedite permitting for seven solar and wind energy projects on federal lands in four states. The permits for 5,000 megawatts of renewable power are scheduled to be finalized between December 2012 and October 2014. In Arizona: the Mohave Wind Energy project and the Quartzsite Solar Energy Reserve project. In Riverside, Calif.: photovoltaic solar projects Desert Harvest Solar Energy (enXco) and the McCoy Solar Energy (NextEra) project. In Nevada: the Moapa Solar Energy Center, under development with the Moapa Band of Paiute Indians on reservation and Bureau of Land Management lands, and the Silver State South (First Solar) solar generation plant. In Wyoming: The Chokecherry/Sierra Madre Wind Energy project, via the Power Company of Wyoming, on 23,000 acres in Carbon County.

USDA ANNOUNCES \$105 MILLION LOAN GUARANTEE FOR NEVADA BIOFUELS PROJECT: The U.S. Department of Agriculture today announced a \$105 million loan guarantee to Fulcrum Sierra BioFuels LLC to finance development of a facility to convert municipal solid waste into advanced biofuels in northern Nevada. USDA says the plant will create an estimated 430 jobs during construction and 53 permanent jobs.

SALAZAR: CONGRESS MUST EXTEND WIND CREDIT: Interior Secretary Ken Salazar said the administration is in the final stage of developing a blueprint for 17 designated zones for solar development in six Western states.

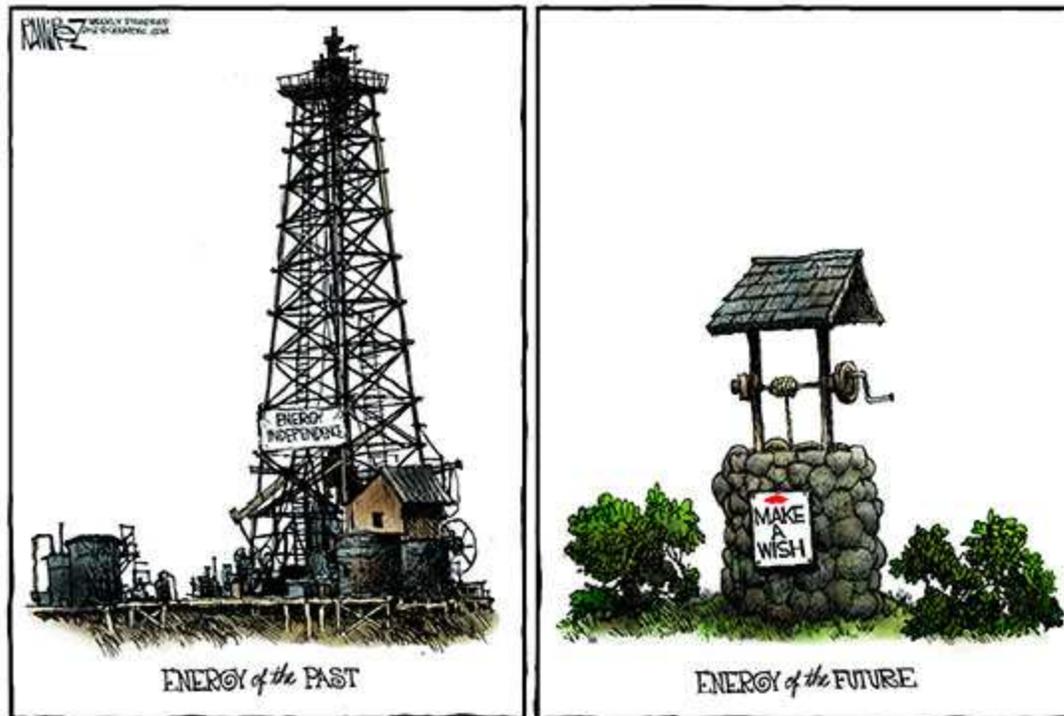
REID: SENATE WILL APPROVE WIND CREDIT EXTENSION BEFORE 2012 ENDS: Senate Majority Leader Harry Reid says he is "very confident" that an extension for the wind production tax credit will be passed by at least the Senate before it expires this year. Reid told reporters about a tax credit that is part of a broader extenders package the Senate Finance Committee gave bipartisan backing to last week.

SENATE Defense Appropriations - Solar Energy Development: The Committee directs the Secretary of Defense and Secretary of the Interior to jointly prepare a plan to facilitate solar energy development on military installations.

INTERIOR and DEFENSE Departments: Announced (Aug 2012) a partnership to develop renewable energy on military lands and waters. The memorandum of understanding between Interior Secretary Ken Salazar and Defense Secretary Leon Panetta would reopen for renewable energy development 16 million acres of land previously managed by the Bureau of Land Management and then closed for military use.

Energy Policy

Election, budget sequestration, continuing resolution, slow-growth economy creates uncertainty...



A coherent national energy strategy driven by informed policy must be established to ensure National Security and our future prosperity.



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