

Synopsis of the Energy Plans of Presidential Candidates Barack Obama and John McCain

Introduction

Energy is the lifeblood of our economy. The United States, with less than 5% of the world's population, uses about 25% of the world's energy and creates nearly 30% of the world's economic input. The productivity gained from U.S. energy consumption is a major contributor not only to our quality of life, but also to the tremendous economic advancements that have been made throughout the world.

The issues surrounding the supply and use of energy have tremendous impacts on our economy, our environment, our political structure, international relations, decisions about trade—the list goes on and on. More importantly, it affects each and every one of us in a very personal way—from the food we eat to the water we drink, to the types of work we do and the communities we choose to live. It connects us to our jobs and brings us closer and closer to our friends and family no matter where they are in the world.

And yet, as we go about our daily lives, we don't often stop and think just how important energy is and what life would be like if it were no longer readily available or relatively affordable to us.

As you can see, energy is no small matter. So as you analyze the presidential candidates' positions on this important topic, ask yourself these two questions: which of the candidates truly understands that abundant, affordable, and reliable supplies of energy—from all sources—is essential to our quality of life and do the positions that they espouse reflect this critical understanding?

Below is a short comparison of some of the major points within the energy and environmental plans of the Presidential Candidates. The items listed below are taken from the Candidates' official websites.

Climate Change

At first glance, Obama's and McCain's energy and environmental plans look similar, but the differences are in the details. While both candidates favor of a "cap and trade" plan to reduce greenhouse gas emissions, they differ on the specific reduction targets. Obama calls for an 80 percent reduction below 1990 levels by 2050, while McCain advocates a 60 percent reduction in the same time frame.

On the manner of how both would achieve these targets, there is a big difference. McCain's plan calls for constructing 45 new nuclear power plants by 2030, with an ultimate goal of 100 new plants. Nuclear plants do not emit greenhouse gases. Obama will expand nuclear power only when issues of nuclear fuel and waste, waste storage, and proliferation have been addressed to his satisfaction. Countries such as France and Lithuania are generating over 75 percent of their electricity from emission free nuclear power.

Alternative Energy Sources

Both candidates are for alternative sources of energy. Obama's plan calls for: 1.) a Renewable Portfolio Standard that would mandate 10 percent of our electricity to come from renewable sources by 2012 and 25 percent by 2025; 2.) increasing the Renewable Fuel Standard to mandate at least 60 billion

gallons of advanced biofuels by 2030; and 3.) establishing a low carbon fuels standard that would require fuel suppliers in 2010 to begin to reduce the carbon in their fuel by 5 percent within 5 years and 10 percent within 10 years. Obama will also spend \$150 billion of tax dollars on clean energy technologies over the next 10 years.

McCain believes that the market should decide the best technologies and options for meeting our fuel needs and plans to eliminate mandates, subsidies, tariffs, and price supports since they have not moved the U.S. toward an energy solution. He wants to provide tax incentives on a level playing field across technologies, and spend \$2 billion annually to advance clean coal technology, a fuel that generates about 50 percent of our electricity.

Transportation Fuel Efficiency

Both candidates support flex fuel vehicles and want to increase their presence. Obama's plan mandates all new vehicles to be flex fuel. Both candidates will provide a tax credit for purchasing an advanced technology vehicle—Obama's tax credit is \$7,000, and McCain's is \$5,000 for a zero emission vehicle with a graduated credit for other vehicles based on their level of carbon emissions. Both are in favor of CAFE standards to increase the efficiency of the fleet, with McCain planning to enforce the current standards by increasing the penalties auto manufacturers pay for not meeting the standards, and Obama planning to increase the standards 4 percent each year. At issue is whether the technology is available to meet the standards.

Energy Imports

Both candidates want to achieve some form of energy independence. Obama says it can be done in 10 years by saving more oil than we import from the Middle East and Venezuela combined. McCain wants "strategic independence" by 2025. Neither plan indicates precisely how this will be done.

Drilling

Both candidates believe that oil and natural gas are important to our domestic energy economy, but Obama believes that there are opportunities to increase production without opening up restricted areas. McCain believes that the moratoria on OCS drilling that expired at the end of September, which opened up an additional 18 billion barrels of oil, should remain lifted. IER has shown that the announcement of the lifting of the Presidential ban on OCS drilling and the Congressional support for it several months later helped reduced gasoline prices by about 50 percent.

Windfall Profits Tax

Another area to evaluate is the candidates' positions on a "windfall profits tax" for oil companies. Obama wants to use "a reasonable share" of oil company profits to provide relief to American families for higher gasoline and home heating costs. McCain does not agree with reestablishing this type of tax which was used in the 1980's and was found to have reduced domestic oil production and increased oil imports in a study by the Congressional Research Service.

For a more complete comparison and IER's analysis of the Obama and McCain energy plans, go here: <http://www.instituteforenergyresearch.org/2008/10/23/synopsis-of-the-energy-plans-of-presidential-candidates-barack-obama-and-john-mccain/>