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Republican Presidential Primary Contenders and their Energy Policies

SUMMARY

- Following a year of tumultuous energy debates and volatile oil prices, a comprehensive national energy policy has never been more urgent. This Intelligence Report details the energy platforms of all Republican Presidential Primary candidates for the conscientious policy wonk, ordered by their performance in the Iowa Caucuses.
 - The GOP candidates are emphasizing increased domestic production by opening up federal lands for offshore and unconventional drilling, relaxing EPA regulations on energy production, and eliminating or reforming subsidies for renewable energy technologies.
 - The candidates differ in their views on tax breaks for oil and gas producers, and their plans to restructure or eliminate the EPA. Two candidates support tax credits for alternative energy sources, and Huntsman is alone in advocating modernization of the smart grid to enable future generations of electric vehicles. Their platforms also vary widely in scope and detail.
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INTRODUCTION

The Republican Primary season has now begun. The Iowa caucuses resulted in a virtual tie between Mitt Romney and Rick Santorum, and with primaries coming soon to a ballot box near you, it's important for all savvy Intelligence Report readers to have an understanding of each candidate's position on energy issues. This Report provides a concise, go-to reference outlining each candidate's energy platform. The following contenders are presented in order of their performance in the Iowa Caucuses: former Massachusetts Governor Mitt Romney, former Senator Rick Santorum, Congressman Ron Paul, former House Speaker Newt Gingrich, Texas Governor Rick Perry, and former Ambassador/Utah Governor Jon Huntsman.

The candidates are almost universally aligned on cutting regulations that impede energy production, increasing domestic production, and eliminating subsidies for renewable energy sources. Perry, Huntsman and Santorum go further in a free-market direction by opposing all

energy subsidies. Conversely, Gingrich and Paul, perhaps surprisingly, support tax credits for alternative energy sources.

What follows is a more detailed look at the public statements each presidential hopeful has made regarding their energy strategy, in order of the outcome of Tuesday's Iowa Caucuses.

Mitt Romney

Finishing first with 24.6 percent, and with one of the more detailed energy strategies, is former Governor Mitt Romney, whose [fourteen-point proposal](#) is divided into three major parts: regulatory reform, increasing production, and research and development. His seven regulatory reform proposals start with "fixed timetables" for resource development permitting, creation of a "one-stop shop" for approval "of common activities," and "fast-track procedures for companies with established safety records to conduct pre-approved activities in pre-approved areas."

In the nexus between environmental law and energy, Romney would ensure "that environmental laws properly account for cost in regulatory process" and he would amend the Clean Air Act to "exclude carbon dioxide from its purview." Simultaneously, he still supports low-carbon technologies such as nuclear power, by expanding Nuclear Regulatory Commission (NRC) "capabilities for approval of additional nuclear reactor designs" and he would put a two-year time limit on NRC licensing decisions "for reactors adjacent to approved sites" that are "using approved designs."

Romney's five-point plan for increasing US energy production is notable in the current debate over the Keystone XL pipeline for including support for "construction of pipelines to bring Canadian oil to the United States." He would also conduct a "comprehensive survey" of our energy reserves, "open" those reserves for development, and "expand opportunities for US resource developers to forge partnerships with neighboring countries." On one of the most important current energy issues in America, Romney would "prevent overregulation of shale gas development and extraction."

Romney's plan ends with two recommendations on R&D: to "concentrate alternative energy funding on basic research" and to conduct said research through "apolitical funding mechanisms like ARPA-E."

Rick Santorum

Hot on Romney's trail by a mere 8 votes, former Senator Rick Santorum doesn't have a separate energy policy platform on his website, but instead includes various [energy-related proposals](#) in his overall economic platform. As noted above, Santorum would eliminate all "energy subsidies within four years" although it is unclear if he includes oil and gas subsidies, and would also "eliminate resources for job killing radical regulatory approaches at the EPA." His 31-point economic platform contains several other energy-related recommendations, but one should note they are extremely high-level with few details:

- Eliminate all other Obama era regulations with economic impact over \$100 million.
- Tap into America's vast domestic energy resources... without picking winners and losers.
- Approve the Keystone XL pipeline.
- Strengthen our national security and national defense so that we are not dependent upon our foes or competitors for critical manufacturing, technology, energy and other security needs.

Ron Paul

Following Santorum, Congressman Ron Paul finished in third place with 21.4 percent, more than double his 10% achieved in 2008. His campaign website emphasizes a free market approach to energy independence through a [five-point energy platform which would](#):

1. Remove restrictions on drilling, so companies can tap into the vast amount of oil we have here at home.
2. Repeal the federal tax on gasoline. Eliminating the federal gas tax would result in an 18 cent savings per gallon for American consumers.
3. Lift government roadblocks to the use of coal and nuclear power.
4. Eliminate the ineffective EPA. Polluters should answer directly to property owners in court for the damages they create – not to Washington.
5. Make tax credits available for the purchase and production of alternative fuel technologies.

Paul's position on tax credits is of particular interest due to his strong stance against government intervention in the free market. He supports alternative energy tax credits on the basis that they represent a form of tax cuts. His congressional record reflects this stance, as he voted for the New Alternative Transportation to Give Americans Solutions (NAT GAS) Act, commenting, "I don't consider any [tax break](#) as a subsidy. That was not a spending bill, that was not a grant." When discussing tax credits for oil companies, he continued, "I vote to always give tax credits, and I always cut spending."

Newt Gingrich

In fourth place with 13 percent, Newt Gingrich, offers a six-point "[American Energy Plan](#)" on his campaign website. The Gingrich plan would:

1. Remove bureaucratic and legal obstacles to on- and offshore oil and natural gas development.
2. End "the ban" on oil shale development in the American West.
3. Give coastal states federal royalty revenue sharing as an incentive for offshore development.
4. Enact loser pays laws in environmental suits to reduce frivolous lawsuits against energy projects.
5. Finance cleaner energy research with "new" oil and gas royalties.
6. Replace the Environmental Protection Agency with a new "Environmental Solutions Agency that would use incentives and work cooperatively with local government and industry to achieve better environmental outcomes while considering the impact of federal environmental policies on job creation and the cost of energy."

The former Speaker has occasionally stood alone in this time of Solyndra, defending a government role in renewable energy production, stating "it's legitimate to have biases for what you want." To this end, he supports extending longer term wind-energy tax credits on the basis that businesses can make better investment decisions in a more predictable tax regime.

Rick Perry

Coming in fifth place with 10.3 percent, former Texas Governor Rick Perry has the [most extensive treatment of energy policy](#) on his campaign website. He offers detailed policy recommendations as Governor of an oil producing state. His ideas on production include "immediately" returning to "pre-Obama levels of permitting in the Gulf," opening ANWR and the Southern Atlantic Outer Continental Shelf, "immediately" approving the Keystone XL pipeline, expanding on-shore oil and gas production in Western states while "authorizing more development on federal lands," and opposing "federal restrictions on natural gas production, including hydraulic or nitrogen fracturing and horizontal drilling."

Governor Perry's energy platform also includes a list of EPA regulations he would "suspend and reconsider," including the Utility Maximum Achievable Control Technology (MACT), Cross State Air Pollution Rule, Coal Combustion Residuals, rules under Section 316(b) of the Clean Water Act, and the Boiler MACT. He proposes the "repeal" of EPA's authority over greenhouse gases and would eliminate "all current and planned EPA programs to restrict carbon dioxide emissions (including taxes or cap and trade schemes)." Perry opposes "adoption of a national Renewable Portfolio Standards (RPS) (sic)" and believes the "federal government should streamline the permitting process for nuclear energy" and should "invest in nuclear fuel reprocessing."

In addition to the suspension of various energy-related EPA regulations, Governor Perry's energy platform has a four-point EPA reform proposal:

1. An "immediate moratorium" on new regulation, and "rigorous" cost-benefit analyses on "all regulation applied under previous administrations."
2. "Dismantle the EPA in its existing state" to focus it on issues "requiring national or regional solutions." Cut EPA's budget by 60% and "return more regulatory power and funding" to states.
3. "Limit EPA enforcement power" to cases where states seek arbitration or assistance with national or regional issues.
4. Continue EPA's "research and advisory role, in order to perform environmental analyses, cost-comparison studies, and establish a common understanding of scientific analysis."

In the area of permitting reform, Governor Perry proposes to enforce "existing timelines" but also to implement "a maximum review period for development permits" and to eliminate "red tape regarding energy production on federal lands." He also has a set of interesting "legal reforms" that includes setting time limits on "permit related lawsuits" with "fast-tracks for lawsuits against high value development projects." He would "empower" the Justice Department to litigate rather than accept consent decrees that set regulatory agendas, and would "withdraw from consent decrees that do the most economic damage while doing little to protect the environment." Perry would also force environmental litigants to bear their own costs.

Perry's final energy platform section covers tax policy, where he calls for eliminating "subsidies and mandates that punish consumers and skew the energy marketplace" in his first proposal, and then seeks to "eliminate as many issue-specific subsidies and tax credits as possible" in his second. He pledges not to "issue new specific tax incentives for energy development" and to allow "existing specific tax incentives to expire as scheduled." He would support continuation of industry-wide "tax incentives for research and development."

Jon Huntsman

Finally, former Ambassador to China and Utah Governor Jon Huntsman finished last of the candidates with 0.6 percent. He calls for numerous [regulatory reforms](#) such as "reining in" EPA's "job-killing regulations," specifically citing EPA's fuel efficiency standards as an example "of the many rules" he will "oppose and/or roll-back." He opposes the fuel economy standards on the theory that they will "bar heavy-duty vehicles from converting to natural gas." Huntsman also notes that he "is committed to streamlining the process for developing new energy supplies and bringing them to market."

Huntsman includes [a number of proposals](#) not found in the other candidates' platforms. Like the other candidates, he calls for streamlining regulations and approvals for new wells and pipelines. Yet, it is unclear whether he is endorsing federal regulation of hydraulic fracturing when he writes that: "Federal guidelines regulating its application need to recognize the economic benefits

and value of enhancing America's energy independence, while also weighing environmental concerns."

Alone among the candidates, Huntsman proposes to "eliminate barriers" to the "full deployment" of coal to liquid fuel technology. While not as direct as the other candidates, he very clearly implies support for Keystone XL: "The federal government needs to assure Canada that American consumers are ready and willing to purchase the production of Alberta's oil sands."

Further distinguishing his energy platform, Huntsman is the only candidate to reference the need to modernize the nation's electricity transmission system, alleging that federal regulations are hindering conversion to a "fully modern 'smart grid'... something badly needed if the next generation... chooses to charge electric vehicles in their garages at night."

Huntsman stakes out another unique position in calling for an "expedited review of the transportation fuel distribution network by both the Federal Trade Commission and the Senate Judiciary Committee, decrying "gasoline's near-monopoly in the distribution network for light-duty vehicles, and diesel's near-monopoly for heavy-duty vehicles" as well as "numerous regulatory barriers to entry." He also calls on EPA to "revive state authority to allow centrally-fueled fleets to convert to cleaner alternative fuels" and ends his energy platform with a proposition that all candidates of all parties—and indeed all citizens—should embrace: "Washington must base its energy policy on sound science, transparent government, and thorough public debate."

Conclusion

In 2008, the Republican Party coalesced around the rallying cry of "drill, baby, drill." Importantly, the theme of increased domestic production has remained strong this election cycle. Although there is an expanded focus on issues such as regulatory policy and the scope of the Environmental Protection Agency, it is important for each candidate to provide more specifics on the complete energy landscape. A pressing issue not adequately addressed by the candidates is reducing the nation's dependence on oil, specifically in the transportation sector. With more than 90 percent of global petroleum reserves held by state-run national oil companies—many of them within OPEC—there is no free market for oil. As oil is priced on a global oil market, more domestic oil production is a necessary but insufficient solution. This dynamic poses clear national and economic security risks that, in a perfect world, would be a widely-discussed topic during the presidential campaign.

In 2011, world oil prices averaged a record \$111/bbl (dated Brent spot) based on strong demand in Asia and a wave of geopolitical instability that saw regimes in Tunisia, Egypt, and Libya fall. Energy security and oil market volatility remain looming issues as we enter 2012, with Iran threatening to close the Strait of Hormuz and political unrest continuing in key countries throughout the Middle East and North Africa—the world's key oil-exporting region. It would be wise for candidates to get ahead of this trend by laying out a detailed and specific plan related to all aspects of reducing U.S. oil dependence.