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Earthjustice * Friends of the Earth * Greenpeace
Natural Resources Defense Council * League of Conservation Voters
National Audubon Society * National Environmental Trust
National Wildlife Federation * Physicians for Social Responsibility
Sierra Club * The Wilderness Society * Union of Concerned Scientists * U.S. PIRG**

CLEAN ENERGY FUTURE A MUST TO COMBAT GLOBAL WARMING AND PROTECT AMERICAN SECURITY, FAMILIES, HEALTH, AND ENVIRONMENT

“America is addicted to oil.”

--President George W. Bush, State of the Union Address, January 31, 2006

“The long term solution is to get off oil.”

--President George W. Bush, *Bloomberg News*, April 10, 2006

“Efficiency offers the clearest, most easily traversed path to energy independence.”

--*Business Week*, March 30, 2006

“We think the [global warming] debate is over. We are not going to debate the science. We think a national cap-and-trade system would be a good idea.”

--Shell President John Hofmeister, October 24, 2006

Our nation faces several simultaneous energy and environmental threats: global climate change, oil dependency, and energy insecurity. Little time remains to confront the global warming crisis. The latest government energy forecasts indicate that our dependency on fossil fuels will climb dramatically in coming years if we fail to act now. Burning these fuels produce the carbon dioxide pollution primarily responsible for global warming. The Energy Information Administration predicts more than a one-third increase in carbon dioxide pollution from oil and coal by 2030. Carbon dioxide and other heat-trapping gases linger in the atmosphere for decades or centuries, which means that additional pollution will create an almost irreversible warming effect for generations to come. Thus, these rapid pollution increases are morally and scientifically indefensible because they will make it impossible to adequately contain the threat of global warming in the future. Scientists urgently tell us that we must act now to avert this looming catastrophe.

America has the know-how to cut global warming pollution and reduce our dependence on fossil fuels, which will move us toward a cleaner, more secure future. Reductions in use of oil and other fossil fuels will cut emissions of carbon dioxide, rein in volatile energy prices and heating costs, and enhance America’s energy security.

For decades, government policy favored subsidies and tax breaks for oil and other conventional energy sources over energy efficiency and renewable energy technologies, and better gas mileage. But now there’s momentum for change. We know that the air we

breathe every day can be hazardous to our health because of pollution from vehicles and antiquated power plants, costing lives and millions of dollars in health costs. Dependence on oil leaves our economy vulnerable and puts our national security at risk. Our military must maintain a presence in the Middle East to ensure a stable supply of oil, which is used to produce about 97 percent of our country's transportation fuel. Until we break our oil addiction, we will continue to face vexing problems such as the concern that extremists in oil producing nations could blackmail other countries with a threat to cut off oil exports.

Americans seek cars with better gas mileage, greater energy efficiency, and clean renewable energy sources. We need a national commitment to a new energy strategy that will protect our climate, national security, economy, health, and environment. Any energy policy must also reduce greenhouse gas emissions. Policies that provide *real* solutions to our climate and energy problems should reflect the following goals.

- Reduce emissions of heat-trapping gases by at least 15 to 20 percent below current levels by 2020. Ultimately, the US must reduce its emissions of heat-trapping gases on the order of 80 percent by mid-century to avoid the worst long-term effects of global warming, such as a substantial rise in sea level, more severe storms and droughts, and mass species extinctions.
- Reduce our dependence on fossil fuels by adopting a suite of clean-energy policies:
 - Reduce oil use 25 percent by 2025 (7 million barrels per day), through efficiency, clean renewable fuels and transportation alternatives, with an interim goal of reducing consumption 10 percent by 2015 (2.5 million barrels per day).
 - Harness clean, renewable, homegrown energy sources such as wind, solar and farm-based bio-fuels for at least a quarter of all energy needs by 2025.
 - Save energy with high performance homes, buildings, and appliances so that by 2025 we use at least 10 percent less energy than we do today.

We must ensure that as we embrace these goals we adopt a path of genuinely sustainable environmental and public health benefits. Protection of our air, water, endangered ecosystems, and sensitive lands is critical for a healthy planet. Whether renewable or conventional, energy production must comply fully with environmental laws and regulations, be appropriately sited and include enforceable standards that minimize environmental impact.

Achievement of these goals would secure our energy future with lower costs for consumers, creation of new jobs, less dependence on oil, and reduction of the pollution

that causes global warming. The following policies are the fastest, cleanest, cheapest way to achieve these goals.

REDUCE GLOBAL WARMING POLLUTION

A comprehensive mandatory emissions reduction program is essential to drive investment into clean energy technologies in all sectors at the scale needed to achieve the deep reductions in carbon dioxide emissions required to avoid dangerous global warming. A strong and effective cap on emissions, combined with complimentary clean energy policies, can achieve these global warming pollution reduction targets, create jobs, and strengthen our economy via deployment of available technologies. It also would effectively spur additional private sector research and development of clean energy, which may unleash even better future technological options. In the meantime, we know that a balanced portfolio of existing energy efficiency, renewable energy, and low-emission energy generation technologies can achieve deep cuts in pollution. What America needs now is leadership.

1. **ESTABLISH AN AGGRESSIVE DECLINING CAP ON U.S. GLOBAL WARMING EMISSIONS.** Scientists around the world have warned that additional global warming of more than 2 degrees Fahrenheit is likely to trigger severe consequences. To prevent this from happening, the U.S. must reduce its emissions by the order of 80 percent by mid-century. Given the magnitude of this task, we have no more time to lose. We must promptly adopt mandatory limits on global warming pollution that begin reductions within a few years and reduce emissions by at least 15 to 20 percent below current levels by 2020.
2. **JUST TRANSITION TO A REDUCED-CARBON WORLD.** While the transition to a clean, low-carbon energy future creates economic opportunities and jobs in many sectors, it also will entail shifts in the economy. Low-income individuals and workers in high carbon industries should not have to bear the full brunt of society's need to protect the planet. Revenues from carbon-control programs should help cushion any energy-price increases for low-income groups. Moreover, as we did with the GI Bill after World War II, we need programs to provide displaced workers with both transitional income and benefits to protect their families, and tuition to provide them with training for an alternate field.
3. **NO FREE RIDE FOR NEW DIRTY COAL PLANTS.** Despite the knowledge that new coal fired power plants would worsen global warming, some companies are rushing to build scores of new dirty power plants before the adoption of carbon dioxide emission limits to evade the steepest reductions. It is critical that all new investments in power plants and other long-lived assets use the most advanced technology available, not lock us in to decades of excessive pollution. New plants should be required to meet a strong environmental performance standard of no net emissions. If the costs of future emission reductions are part of the calculus for new power plants, most, if not all,

of the proposed new dirty coal plants would be uncompetitive with cleaner energy sources.

4. **REENGAGE IN INTERNATIONAL CLIMATE NEGOTIATIONS.** As the world's largest contributor to climate change, the U.S. has a responsibility to participate in global efforts to reduce greenhouse gas pollution. The U.S. should assume a leadership role in the negotiation of future international binding emission reduction targets.

REDUCE OUR DEPENDENCE ON OIL

We can reduce our dependence on oil, maintain our mobility and provide consumers with lasting relief at the pump if we make a national commitment to oil savings through efficiency, renewable fuels and transportation alternatives such as transit. We have the technology today to cut our oil use by at least 40 percent by 2025. But it won't happen without strong federal leadership that gives our manufacturers, farmers and entrepreneurs the signal to invest in prompt development and production of clean, oil-saving technologies, which would give consumers the choices they need to play an active role in securing our energy future.

1. **GIVE CONSUMERS A CHOICE OF VEHICLES THAT GO FARTHER ON A GALLON OF GAS.** We need common sense steps to improve the fuel economy performance for cars and trucks by reforming and raising fuel economy standards. The technology exists today to make all vehicles average 40 miles per gallon fleet wide within ten years. This would save more oil than the United States currently imports from the entire Persian Gulf and could extract from the Arctic National Wildlife Refuge, combined. In addition, we should extend consumer tax credits for hybrid vehicles, and give automakers and suppliers incentives to retool and invest in production of hybrids and the cleanest, most efficient diesel vehicles.
2. **DEVELOP RENEWABLE FUELS THAT ARE CLEANER AND CHEAPER THAN OIL.** To make sure that the rush to biofuels doesn't turn into a quest for fool's gold, and that any domestic alternatives provide real benefits beyond the gasoline and diesel we use today, we must integrate environmental performance standards into the production of homegrown fuels. We must establish incentives and requirements to put the infrastructure in place to get alternative fuels into drivers' tanks, and make cellulosic biofuels comparable in price to gasoline. Equally critical will be the creation of credible standards and accompanying verification systems that ensure that we grow, harvest and process all feed stocks for biofuels in a sustainable fashion. Production of biofuels must not threaten sensitive lands and wildlife habitats. Biofuels, if developed carefully and sustainably, will not only help protect the environment, but also enhance rural farm economies.

3. **PROMOTE PUBLIC TRANSPORTATION.** For every \$4 the federal government spends on highways, only \$1 is invested in public transportation. We should expand the use of public transportation by building new systems, providing incentives for transit use, and locating development around existing transit lines.
4. **STOP LEAKS IN FUEL ECONOMY STANDARDS.** Convert loopholes for gas guzzlers into incentives for better gas mileage by eliminating tax breaks for luxury SUV's and creating incentives for fleet owners to use the most fuel-efficient vehicles. Require fuel flexibility as a standard feature for new cars and trucks. Eliminate the "dual fuel vehicle" credits that erode the fuel savings benefits of biofuels.

HARNESS CLEAN, RENEWABLE, HOMEGROWN ENERGY

1. **ESTABLISH NATIONAL RENEWABLE ENERGY STANDARD.** A renewable energy standard, similar to those adopted by 21 states and the District of Columbia, should apply to utilities across the country that would require a minimum percentage of the nation's electricity to come from renewable sources.
2. **PROMOTE FARM-BASED CLEAN ENERGY RESOURCES.** Expand, improve and fully fund federal programs to help rural America provide clean energy that increases farm incomes, provides rural economic development, creates jobs and helps protect our environment
3. **INCENTIVES FOR RENEWABLE ENERGY TECHNOLOGIES.** Consistent, long-term tax incentives for the installation of renewable energy technologies would provide the certainty necessary for investors.
4. **PUT RENEWABLE ENERGY FIRST.** To meet demand for electricity, require utilities to prioritize renewable energy development over the construction of conventional power plants.
5. **KNOCK DOWN BARRIERS TO RENEWABLE ENERGY.** Eliminate regulatory requirements that discourage both residential and large industrial renewable energy producers from connecting to the electricity grid by adopting policies such as net metering and reasonable interconnection standards.

SAVE ENERGY

1. **ESTABLISH AN ENERGY EFFICIENCY RESOURCE STANDARD.** An energy efficiency resource standard should apply to electric and natural gas utilities nationwide that would require these utilities to save a minimum percentage of the energy used in the homes and businesses they serve. This requirement could be met by the utilities implementing energy efficiency

programs, such as a rebate program for efficient air conditioners, similar to those already in place in a number of states.

2. **ISSUE ENERGY EFFICIENCY STANDARDS.** DOE recently settled a lawsuit brought against it demanding that it issue long overdue minimum efficiency standards required by federal law for many energy-using products. The administration should promptly develop and issue the highest efficiency standards for these and other products.
3. **RESTORE EFFICIENCY TAX INCENTIVES.** Extend and enhance energy efficiency tax incentives that were shortchanged in the Energy Policy Act of 2005. Extension of these incentives through 2010 would give manufacturers, investors, and consumers the certainty they need to produce and purchase energy efficient appliances.
4. **PUT EFFICIENCY FIRST.** Require utilities to meet growing energy needs through energy efficiency improvements before building new power plants.
5. **USE RECORD OIL COMPANY PROFITS TO HELP CONSUMERS AND BUSINESSES SAVE ENERGY.** The threat of oil supply disruption from terrorism and natural disasters significantly contributes to high energy prices and record oil company profits. ExxonMobil, for instance, made about \$55 billion in after tax profits from January 2005 to June 2006. A small energy efficiency levy of 10 percent (for instance) on these record profits would provide more than \$5 billion dollars from ExxonMobil alone for the aforementioned consumer assistance and energy efficiency programs.
6. **STRENGTHEN RESIDENTIAL AND COMMERCIAL BUILDING CODES.** The American Institute of Architects and the National Conference of Mayors endorsed the “2030 Challenge” that calls for America’s new and retrofitted residential and commercial buildings to use one-half the typical fossil energy immediately and zero fossil energy by 2030. DOE, states and local governments should adopt the “Challenge 2030” goals in all building energy codes for the construction of all new and retrofitted residential and commercial buildings.
7. **SUPPORT COMBINED HEAT AND POWER.** Eliminate obstacles to the use of combined heat and power, which would dramatically improve opportunities for industrial and commercial energy efficiency.
8. **FULLY FUND HOME WEATHERIZATION AND LIHEAP FUEL ASSISTANCE PROGRAMS.** These programs reduce energy consumption and heating bills of low income people. Fifteen percent of a state’s LIHEAP grant can go towards weatherization, and up to 25% can be spent on weatherization if a state gets a waiver from the federal government to do so.

9. **INCREASE FUNDS FOR ENERGY STAR AND DOE ENERGY EFFICIENCY R&D PROGRAMS.** These programs effectively reduce consumer and business energy bills by billions of dollars. Every federal dollar spent promoting more efficient lighting, heating and cooling, home appliances, and office machines through the federal Energy Star program saves consumers an average of \$75 according to the Environmental Protection Agency.

10. **ADOPT CALIFORNIA'S NEW EFFICIENCY PROGRAM NATIONWIDE.** This aggressive utility sector program will deliver net savings to California consumers and businesses of nearly \$3 billion over the next three years. It helps them buy energy efficient equipment, upgrade homes and commercial buildings, and reduce energy use in every sector of the economy. Peak electricity demand savings are projected to total 1,500 megawatts over the three year period, equivalent to avoiding the need for a giant power plant every year.

INVEST IN A NEW ENERGY FUTURE

1. **INCREASE RESEARCH AND DEVELOPMENT FUNDS.** Despite a legacy of success and a greater need, funds for energy research and development (R&D) stagnated in recent years. Federal spending on renewable energy R&D peaked in the late 1970s at \$1.4 billion (2003 dollars). In 2003 we spent only about one-third as much money, about, \$400 million, on renewable energy research. Federal funding for energy efficiency R&D followed a similar path, with funding slashed by about two-thirds during the 1980s. In Fiscal Year 2005, Congress appropriated \$584 million for energy efficiency R&D, 15 percent less than was spent in Fiscal Year 1980. Over the next decade we must make a large and sustained commitment to develop the next generation of clean energy technologies by tripling funds for research and development efforts to advance energy efficiency and renewable energy.

2. **REPEAL BILLIONS IN HAND OUTS FOR OIL COMPANIES.** Despite their record profits, oil companies continue to benefit from billions of dollars in tax breaks and spending subsidies. The Energy Policy Act contains nearly \$4 *billion* in tax loopholes and subsidies for the oil and gas industry. Even *before* the energy law, the oil and gas industry already was set to receive more than \$10 billion in tax breaks alone over the next five years. The tax breaks and subsidies that benefit large oil and gas companies should be repealed and the savings used to invest in clean energy technologies that reduce global warming pollution and help consumers become more energy efficient.

3. **END THE OIL INDUSTRY'S ROYALTY RIP-OFF.** Offshore drilling leases awarded in 1998 and 1999 mistakenly omitted limits on "royalty relief" designed to encourage production when oil prices were low. As a result, taxpayers are set to lose nearly \$10 billion in royalty payments over the next five years that these companies should pay. Policies should be adopted that keep the pressure on these

companies to renegotiate their leases and accept limits on royalty relief, and ensure that Congress's intent to limit royalty relief is carried out so taxpayers don't suffer additional future losses.