

# ENERGY ANSWERS

## An Overview of President-elect Obama's Energy Plan

On Jan. 20, 2009, President-elect Barack Obama will begin his term of office as the 44th U.S. president. As he assumes the role, he'll immediately face a number of challenges, including revitalizing the economy, the war in Iraq, access to health care and, of course, energy. With his energy plan, "New Energy for America," he now has the opportunity to provide leadership for the nation on this critical issue.

As a U.S.-based energy company with global operations, ConocoPhillips is ready to help the new administration and Congress develop a sound and comprehensive national energy policy. We believe there are many opportunities for government and industry to work together to achieve a policy that will improve our energy security while addressing the extent to which man-made emissions affect climate change.

Below you will find the basic tenets of President-elect Obama's energy plan and ConocoPhillips' position on certain elements of that plan. As always, we encourage you to share this information with anyone who is interested in having a conversation on energy.

*Note: All plan points featured below were extracted from [my.barackobama.com/page/content/newenergy](http://my.barackobama.com/page/content/newenergy) and [change.gov/agenda/energy\\_and\\_environment\\_agenda/](http://change.gov/agenda/energy_and_environment_agenda/). Visit these sites for more information.*

**Plan Point** – Pursue short-term objectives intended to address immediate consumer issues.

- Enact legislation that modifies Commodity Futures Trading Commission regulations to reduce energy speculation.
- Release light oil from the Strategic Petroleum Reserve (SPR) and replace it at a later time with heavy crude to reduce gasoline prices.

### ConocoPhillips comments:

*ConocoPhillips believes that limiting "speculative" trading in the U.S. commodity futures market could have the unintended consequence of causing a migration of trade out of U.S.-regulated exchanges and into foreign exchanges and unregulated markets. This would reduce liquidity in the U.S. exchanges, which would reduce the efficiency of these markets and cause greater price volatility. It also would reduce the ability of market participants, such as consumers, to hedge their price risk.*

*As for releasing oil from the SPR to reduce gasoline prices, the SPR was established to secure against physical supply disruptions, not to influence market prices. See Issue 1 of Energy Answers (link at bottom of back page) for more details on the variables impacting gasoline prices.*

*In addition, a previous version of President-elect Obama's list of short-term energy objectives included a proposal for a windfall-profits tax on energy companies. While we are pleased this is no longer part of his plan, it's still important to point out that any increase in taxes on the energy industry will reduce our ability to make new investments, provide jobs, and to find the oil and natural gas the United States needs.*

**Plan Point** – Create 5 million new jobs by strategically investing \$150 billion over the next 10 years to catalyze private efforts to build a clean energy future.

- Ensure 10 percent of the nation's electricity comes from renewable sources by 2012, and 25 percent by 2025.
- Focus on energy efficiency, specifically to reduce electricity demand 15 percent from the U.S. Department of Energy's projected levels by 2020.
- Weatherize 1 million low-income homes each year for the next decade.
- Provide incentives to accelerate private-sector investment in commercial-scale, zero-carbon coal facilities, also referred to as clean coal technology.
- Prioritize the construction of the Alaska natural gas pipeline, which would have a daily capacity of 4 billion cubic feet of natural gas.

### ConocoPhillips comments:

*Energy companies like ConocoPhillips are likewise committed to creating new jobs. In fact, the oil and natural gas industry currently supports 6 million jobs. Government-enabled access to more domestic oil and natural gas resources would help the industry create even more jobs.*

*Energy efficiency is a key focus within ConocoPhillips' operations, particularly in our refineries where our goal is to improve energy efficiency by 10 percent by 2012.*

*In addition, we support the use of clean coal technologies, and we have developed a proprietary technology that can transform coal into a cleaner-burning gas.*

*We also support the U.S. government's role in facilitating the construction of critical energy infrastructure, including the Alaska natural gas pipeline, which ConocoPhillips is actively pursuing in partnership with BP.*

*See Issues 2 and 3 of Energy Answers (link at bottom of back page) for more details on these topics.*

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**Plan Point** – Within 10 years, implement a strategy that allows the United States to reduce its oil consumption by more than what is currently imported from the Middle East and Venezuela combined.

- Increase fuel economy standards 4 percent per year.
- Invest in advanced vehicle technology, with a specific focus on advanced battery technology, and put 1 million plug-in electric vehicles on the road by 2015.
- Create a new \$7,000 tax credit for purchasing advanced technology vehicles.
- Establish a National Low Carbon Fuel Standard that would require fuel suppliers in 2010 to begin reducing the carbon in their fuel by 5 percent within five years and 10 percent within 10 years.
- Require energy companies to develop existing leases or turn them over so that another company can develop them, known as the “use it or lose it” approach.
- Promote the responsible domestic production of oil and natural gas, including a process for early identification of any infrastructure obstacles/shortages or possible federal permitting process delays in certain U.S. regions.

#### ConocoPhillips comments:

*ConocoPhillips supports an energy policy that provides for the efficient and wise use of our nation’s energy resources. Specific to the items listed as part of this point, we are working to develop better materials for use in lithium ion batteries to make electric cars more practical.*

*Further, while we agree that making investments to reduce the carbon intensity of our energy supplies is necessary, we are concerned that a national low-carbon fuel standard may overlap with existing renewable fuel standards, causing greater constraints on the nation’s energy supply.*

*We also believe the “use it or lose it” argument on leased acreage is misleading. At ConocoPhillips, nearly 70 percent of our leased federal acreage has been developed, and we are actively investigating, analyzing and developing the remaining inventory.*

*In addition, we agree that the U.S. government should do more to streamline duplicate and overlapping federal and state laws and overly long and difficult regulatory permitting processes that hamper the development of new and existing oil and natural gas projects. Government also can do more to promote domestic production by addressing the access issue. While greater energy efficiency and alternative energy sources should and will be a part of the larger, long-term energy solution, improved access to our domestic fossil fuel resources will play a vital role in this nation’s future energy security.*

*See Issues 2 and 3 of Energy Answers (link below) for more details on these topics.*

**Plan Point** – Implement a cap-and-trade system to reduce carbon emissions by 80 percent below 1990 levels by 2050. The system would require all pollution credits to be auctioned, and a small portion of the receipts (\$15 billion per year) would be used for the development of clean energy, investment in energy efficiency improvements, and the development of biofuels and clean energy vehicles.

- Position the United States as a leader on climate change and, specifically, re-engage the United States with the U.N. Framework Convention on Climate Change and the Major Economies Meeting to bring the major emitting nations together to develop effective emissions reductions efforts.

#### ConocoPhillips comments:

*We believe that the United States must address the human-caused carbon emissions that contribute to global warming. Further, we believe that energy security and climate change are interrelated issues. We cannot successfully address one without also addressing the other.*

*In fact, ConocoPhillips is the only U.S.-based global energy company to call for a mandatory national framework to address greenhouse gas emissions. We also belong to the U.S. Climate Action Partnership – an organization of businesses and environmental groups calling for the timely development and implementation of environmentally effective and economically sound climate legislation.*

*We currently engage in carbon trading in Europe and Canada, where such trading systems are in place today, and we have implemented a comprehensive climate change plan within our company. Under this plan, we are actively developing new processes and technologies to reduce greenhouse gas emissions.*

*See Issue 2 of Energy Answers (link below) for more details on this topic.*

**For more in-depth information on these issues and more, including past editions of *Energy Answers*, go to [www.conocophillips.com/energyanswers](http://www.conocophillips.com/energyanswers).**