

**CENTER FOR
STRATEGIC AND INTERNATIONAL STUDIES
(CSIS)**

**PRESIDENTIAL CAMPAIGN REPRESENTATIVES
ON ENERGY POLICY**

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FRIDAY, MAY 23, 2008

*Transcript by
Federal News Service
Washington, D.C.*

FRANK VERRASTRO: Well, good morning and welcome. I'm Frank Verrastro. I'm director of the energy and national security program here at CSIS. Great turnout here this morning; we were a little concerned that this being the Friday before Memorial Day. The alignment that we're looking for was to get all three campaigns together and still be able to find adequate space at CSIS and an audience that would come. So the stars were aligned on this one.

I have to thank Jennifer Bovair and Matt Frank for their persistence in getting all of this lined up, thank our panelists for showing up here on Friday morning, and certainly for all of you, because what we're looking to do is have more of a dialogue.

Today's session is not going to be a debate format. What we really want to do is have each of the campaign representatives make a presentation of what the platforms look like. Specifically on energy and environment in terms of highlighting – but necessarily when you think about \$130 oil and foreign policy, it spills over into economic competitiveness, security issues, trade issues. So to the extent that they want to delve and go a little bit off-topic, that's certainly welcome. If you'll hold your questions to the end, we think there'll be ample time to answer everyone's questions.

So we're going to have the presentations go in order. We did it by draw so that we wouldn't show any bias at all here at CSIS. Elgie is going to go first – Elgie Holstien, representing the Obama campaign. He also has a PowerPoint presentation. Rebecca Talent is here from the McCain campaign, and Dan Utech from the Clinton administration – or the Clinton campaign. (Laughter.) Okay, so the first slip-up. We'll roll the tape back and start all over again.

I went through each of the speaker's bios and I've got to tell you, from the campaign bios that are listed, it doesn't begin to indicate the depth of the background. So I'm actually comforted at the expertise and the background that is shown for these individuals. But at least their campaign bios go as follows.

So Elwood Holstein – Elgie Holstein – is from the Obama campaign. Elgie currently serves as an energy and environmental policy consultant and a senior advisor to the Obama for America campaign. During President Bill Clinton's administration – just so there's no confusion – he held a number of policy positions, including associate director of OMB for natural resources, energy, and science, assistant secretary at NOAA, special assistant to the president for economic policy on the National Economic Council, and chief of staff to Secretary Pena at the Department of Energy. He may also be a familiar face to you because he worked on Capitol Hill for years before that.

Rebecca Talent currently serves or divides her time between her duties as legislative assistant for John McCain's Senate office, and now serves as policy advisor

for the McCain 2008 campaign. Her primary areas of responsibility include resource and energy issues, in addition to immigration policy and border security. So our questions may span the spectrum here. She's a graduate of Coughlin College and receiving her degree in political science with a focus on environmental studies and political philosophy. Since 2001, she's worked on both sides of the Capitol, beginning and currently with Senator McCain's staff. And in the interim, she served with Congressman Jim Colby of Arizona.

Dan Utech is the senior policy advisor to Hillary Clinton on energy and environmental issues. He's been with the senator for more than four-and-a-half years, both as a member of her Senate staff, and now as a campaign advisor. Dan holds his master's degree in environmental studies from the Yale School of Forestry and Environmental Studies, and has an MBA from the Yale School of Business and Management.

As I indicated earlier, this session is entirely on the record. And then, if you will hold your questions until the end, we can go forward at that point. We've asked each of the campaigns – and this is an important point that I don't want to lose – to continue this dialogue. So this is the first of what we hope will be many sessions that we can have an opportunity to hear from the campaigns and then address your questions. Further on down the summer and as we go into the fall, we expect and really hope to have smaller roundtables on specific issues where we can actually have the opportunity to talk about issues and where the implications are, what the overlap looks like. And then, we'll continue that into the transition for a new administration next spring.

And so, with that, Elgie, please come and get started.

ELGIE HOLSTEIN: Thank you, Frank. Good morning, everybody. I'm impressed that so many people decided not to take today off, but rather to come here for a non-debate discussion among the campaigns about energy and climate policy.

Just to put things in perspective a little bit – and I am delighted that it's a non-debate format, Frank, so that there will be none of the customary bitterness and divisiveness that attends the actual representations by the candidates themselves. So we're in this fortunate position of being able to carry on a high-level, high-brow, and high-minded policy discussion. We'll see if in the Q&A session, however, it manages to degenerate into rock-and-bottle throwing.

I wanted to put the current campaign for a moment into – campaign season – into perspective. Four years ago, I believe there were three debates among or between the candidates for president. The first two were led by the usual assortment of pundits and talking heads and sponsored by fancy news organizations and so forth. The last one, the third one, was sort of open to – the format for those who may not remember – the format was open to the members of the public or interested members of the public who could ask questions.

In the course of those three debates, there was not one single question about energy or the environment until the third debate when a woman – I don't know whether she was affiliated with any organization or not – but she stood up and asked kind of a general question about energy and environmental policy. And the two candidates, Senator Kerry and President Bush, sort of took the questions in whatever directions they wanted.

Well, what a difference four years makes. And let's see if I can work this. I went to the eye doctor the other day. He assured me I would be able to do this.

Okay, all right, all of these will be familiar to you. But let's just set the stage, I think, because they're probably appropriate for all of us who are going to be talking this morning. The issue of oil dependency and growing imports is not a new one and has been with us for some time. But clearly, the cost of these imports, both in terms of the post-9/11 national security concerns and in terms of the sheer cost – right now this morning we are paying on a monthly basis about the same amount for our oil usage in America as we are for the war in Iraq.

We are, of course, doing this in an international context of tightening oil supplies, characterized by the usual assortment of problems, the stagnation of non-OPEC production, growing nationalism among a number of oil-producing nations, and of course the usual collection of geopolitical bad actors and bad scenes that add tremendous uncertainty to international oil prices.

Rising greenhouse gas emissions and concentrations – and you're all familiar with those issues – the escalating energy costs not only in the aggregate for our economy but for individual consumers has all kinds of impacts on the politics of the year, which are, I'm sure, very obvious to any of you who have been watching the candidates address things like gas-tax holiday, windfall profits taxes, et cetera, with the public confused, enraged, blaming the usual suspects, and honestly trying to make judgments about whether or not oil prices and therefore gasoline and heating-oil prices will be coming down anytime soon or whether we've reached a situation where they can expect major changes in their household budgets.

I use the word inadequate national electric grid here mainly to describe an electric grid and a set of issues related to transmission that has to do with a bunch of issues that we – and many of you here have spent entire sessions on discussing exclusively. But clearly here, we're talking about infrastructure security. We're talking about enabling new energy efficiency and distributed energy technologies. And we're also talking about reliability. The limitations of our electric grid present a problem for us in implementing many new technologies and policies that are really in many respects ready to go technologically speaking, even economically. And the questions of underinvestment – the problems of underinvestment in the national transmission system, I think, are ones that are raising serious problems and challenges for us.

And lastly, of course, insufficient energy R&D – now, insufficient energy R&D is somewhat in the eye of the beholder. Deciding what to measure it against is perhaps a challenge. But if all you do is measure our recent levels of public investment and private investment in energy R&D, but especially public investment in the longer term, basic energy sciences and long-term research with high risk and high failure rates, the kinds of things that lead to the next-generation breakthroughs, you can observe, I think – and we can agree – that the level of investment is wholly out of sync or disproportionate to the scope of the problems we face as individuals, as a nation, and among growing economies.

These same challenges, as usual, present new opportunities. I talked at the beginning about the lack of attention paid in the last campaign to these issues. And now, I think, we will undoubtedly – almost undoubtedly see a range of energy and environmental questions relating to the topics we’re discussing this morning coming up in all the presidential debates and in repeated interactions between the candidates and their supporters and in the media.

We have the opportunity as well to create new green jobs in renewable energy, to bring about new energy or green energy focus to construction, to business processes, to services, and to manufacturing. We can create and stimulate new economic growth and opportunity, and especially bring new opportunity to rural America where the challenge of providing non-farm income opportunities particularly in non-farming rural America is an ongoing challenge. It’s a challenge as a matter of macroeconomic policy; but it is also a challenge in terms of the lives of families, many of whose children have to move away permanently because there simply aren’t the employment opportunities in their hometown areas.

We finally have this opportunity – and I’m sure we could mention many more – for new American leadership internationally, both in developing and deploying energy technology and in negotiating a post-Kyoto international climate agreement.

Now, on specifically to Senator Obama’s proposals – and many of you will, if you’re interested in further details will find lots on the senator’s website. And I did not attempt to capture everything that he has said or proposed, but merely to capture some highlights.

So we were talking about energy and climate this morning because the things we have to do to address the challenges of one are in many respects and in most cases the same things we need to do to address the challenges in the other. So with respect to climate policy, he has supported a cap-and-trade approach with permit auctions. Notably, he has proposed that 100 percent of the permits be auctioned and the proceeds used for a variety of purposes I’ll be talking about in a moment.

The 80-percent cut in carbon emissions by 2050 is, of course, consistent with the consensus scientific view, the path we need to be on in order to stabilize greenhouse gas concentrations at a level that will stop short of doing catastrophic harm to our environment, to our economies, to our societies. He’s proposed a low-carbon fuel

standard as a means of encouraging the development of renewable energy sources, but ensuring that we not go chasing after every one, regardless of the impact that they have on carbon emissions.

Perhaps controversially for some, but a consistent policy across several of the Democratic candidates this year, was Senator Obama's proposal to ban new coal-fired power plants if they're still using the older designs. So as we invest in the technologies in the research and development to move toward carbon-capture and sequestration, which MIT tells us is maybe 10 years away, we need to ensure that we are not making the problems worse by building coal plants on last-generation technology that will be around for decades to come.

Senator Obama does support international offsets, but understands that we have to have verifiable international agreements and reporting. He proposes to reduce deforestation and promote sustainable forestry by linking some of those issues to not only our international climate policy but our foreign engagements and foreign policy generally.

And finally, he is proposing obviously to reengage with the international community in post-Kyoto efforts and specifically – perhaps as a precursor to that – establishing a new global energy forum of about 15 of the largest emitters. These are obviously the developed countries and some key developing countries like China and India, to begin to work together internationally, not just on control agreements or in offset agreements but also in pursuing technological cooperation and transfer.

Clean-energy technology investments – Senator Obama has proposed a long-term extension of the production tax credit for renewables and the creation of a clean-technologies development venture fund. The idea here is to develop a more collaborative relationship with those who are on the forefront of investment in new alternative energy sources and technologies. This is not to say that he's proposing any sort of government guarantees for those efforts, but rather collaborative opportunities using a venture fund, but using private-sector style investment analysis techniques. RD&D for clean energy sources: solar, wind, ocean energy, carbon-capture and sequestration, et cetera.

And then, to address some of these basic concerns that I mentioned before about R&D, he's proposed a fund of \$150 billion worth of investments over 10 years to develop the next-generation biofuels, plug-in hybrids, new technologies for the grid, and coal plants that can meet the requirements of a low-carbon future. And in doing so, we propose to create five million new jobs in the development of this new energy economy.

Finally, and I'm almost finished here, Frank, Senator Obama has proposed a series of measures that reflect the fact that the transition we are making because the rapidly rising energy prices are forcing action in a number of areas, even where there isn't policy, even where there aren't necessarily technologies that five years ago or even two or three years ago we might have thought were cost-competitive. But recognizing that as we move forward on those fronts, there are some people who are getting hurt.

Our economy as a whole is taking a drubbing. But any of you who have had a chance to look at the statement released yesterday by Ford Motor Company where the president of Ford outlined how the high oil prices have, in a matter of months – just a few months – completely changed their corporate plan with respect to some key metrics. A company that has been making a transition to more fuel-efficient vehicles, or at least adding some to their line, now finds itself having to postpone a return to profitability it had expected to reach this year, directly related to the rapidly changing consumer choice for high-efficiency vehicles over lower-efficiency larger SUVs that have been the largest profit center for Ford and for GM as well.

To deal with these transitional problems, Senator Obama has proposed a variety of job training and transition assistance programs. To help the lowest-income people, he's proposed an expansion of LIHEAP – low-income home energy assistance program – and the weatherization program. And for industry, tax credits and loan guarantees to support the sort of retooling that American industry, and particularly key industries like our domestic auto plants and parts manufacturers must undertake if they're to remain internationally competitive.

And finally, Senator Obama has proposed new investments in modernizing manufacturing centers with green technologies. We can, perhaps, talk a little bit more about that later.

And last but not least, to invest in a variety of energy efficiency goals and measures, starting with federal buildings, and reversing a longstanding problem of failure to meet appliance efficiency standards deadlines; providing grants to states for the adoption of more efficient building codes, and retrofits; and incentivizing states in a variety of areas that include smart metering and changes in the way the rate structures are established and administered by public service commissions in order to decouple profits from power sales, in other words, to stimulate rate structures that actually encourage efficiency investments and programs.

And then, to wrap up, Senator Obama views these matters in the context of an international effort, one we have to help lead; one where we can derive key benefits such as new jobs; but one in which we must act in a much more assertive way than arguably we have in the past. And that includes building an alliance of oil-importing nations, an idea that the Baker Center, for example, at the University of Texas has been promoting where we would work together, not only to reduce demand but also as the president's council of advisors on science and technology has advised, to make investments and collaborative investments in new technologies and R&D in international partnerships.

And finally, and I think this is probably near and dear to the hearts of the CSIS crowd – and that is to treat our oil dependence as a threat to national security; but to view it of a part with our overall economic as well as environmental security. And lastly, Senator Obama has proposed to involve the American people in the fight. And that means calling upon Americans to make the kind of decisions and be involved in their

everyday lives, whether it's giving them the tools they need to use energy more efficiently, rewarding them for doing so, and communicating them in an honest and open way about the kinds of policies that will make a difference and those that are just window dressing.

Thank you very much. And we'll talk some more, I guess, during the Q&A session.

MR. VERRASTRO: Thanks, Elgie. Becky?

REBECCA JENSEN TALENT: Good morning. First of all, I'd like to start off by prefacing what I'm going to be talking about today by saying that I was not actually supposed to be here today, so nobody is allowed to ask me any nasty questions. I'm a fill-in, so yes, I handle energy policy but climate change hasn't been my forte up until the last few months. So I think that I'm up to speed but if I have to say that I need to get back to somebody on a question, I hope you'll forgive me for that.

Also, I'd like to preface by saying that I am going to focus my conversation mostly on climate change today. My boss will be doing a fairly massive energy policy rollout in the weeks to come. And if I foreshadow that, I get fired. So I can't really afford to get fired right now, so I'm going to stick my conversation mostly to climate change, though obviously these two issues are inherently linked. And we can discuss energy more especially during the Q&A session. I'm sure that that will come up.

Also, Senator McCain spoke at CSIS last April outlining some of his thoughts on energy policy, mostly focusing on our dependence on foreign oil, which I don't think is a surprise to many people. This isn't a new part of the conversation. And we can discuss more about the remarks that he made then. I just don't want to get into perhaps future proposals before he has the opportunity to outline them for himself.

So today, as I said, I'm going to discuss our climate-change policy, which Senator McCain outlined in a May 12th speech in Portland, Oregon at a wind-turbine factory. And I'm going to start actually by talking about Senator McCain's record on climate change and how he came to the position that he came to on climate change, considering that it doesn't often seem to be a Republican issues, as we'll call it. He has been out in front on this issue, much more than a lot of members of his party have, including the current administration, just to be frank.

So as some of you may know, Senator McCain once chaired the Commerce, Science, and Transportation Committee in the Senate. And this is where he first started encountering the issue of climate change. He held a series of hearings throughout his tenure as chairman, starting in around May of 2000 and ending in November of 2004. He intentionally would put the best scientists that he could find on opposite sides of the issue on the same panel and poke at them until they would start fighting about this so he could see who won. And that's how he decided that climate change was real and that science

really was supporting what was being said in the media and throughout the world at that time.

He also took a number of trips to explore the issues of climate change all over the world, looking at the effects on the environment and the people. This included trips to Norway and Iceland back in 2004. And twice, he held panels at Davos – which if any of you are familiar with Davos – on climate change in both 2005 and 2007. He traveled to the Ukrainian territory, Canada, and Alaska, which – Alaska – if you ever have a chance to talk to him about this, he has a very fascinating story about going to Alaska and having tools pulled out at museums saying that these are tools that dated back almost 5,000 years that had never been uncovered because they had always been in the icepack. And it finally melted to the point that they were able to reveal these instruments that were made over 5,000 years ago. That had a significant impact on his thinking and he often tells that story.

He also traveled to Australia, New Zealand, and Antarctica, which seems to be one of the favorite trips these days of members on Capitol Hill, and led a trip to Greenland. He often took members on these trips who perhaps hadn't been leaders on climate change before in an effort to engage them and educate them on what he believed is one of the most prominent and important issues that's going to be facing our government and governments of the world in the years to come. He'll tell you firsthand that he's seen the effects of climate change. And he feels personally very passionately about it and could talk to you for hours about it if he really wanted to.

That being said, on May 12, he outlined a structure for climate-change policy that he believed would be effective in addressing the problems that we have today. And while it did lack in some details, that was intentional. We know that we don't want to be outlining a formal piece of legislation six months before there is even an election because obviously, moving forward, there is going to be further debate on – especially coming up here in the Senate, there is going to be further debate on climate change. And if you have detailed questions, those are things that we can talk about in the Q&A. But in some things, I'm going to have to intentionally say that those would have to be worked out later. We may not have taken a position on them yet.

So, John McCain's principles on climate-change policy include climate-change policy should be built on scientifically sound, mandatory emissions, reductions, and targets and timetables. Climate-change policy should utilize a market-based cap-and-trade system. It must include mechanisms to minimize costs and work effectively with other markets, and must spur development and deployment of advanced technologies, and must facilitate international efforts to solve the problem.

On cap-and-trade policy, he proposes that they would set limits on greenhouse gas emissions, while encouraging development of low-cost compliance options. The mechanisms would set a limit on greenhouse gas emissions, and allow entities to buy and sell rights to emit, similar to the successful acid-rain trading programs of the early 1990s. The key feature is that it allows the market to decide and encourage low-cost compliance

options. Senator McCain has always been a believer in a strong, market-based system, whether or not it be related to energy or other areas of government and life in general. But he believes that the market is dictated by the consumers and that the consumers make wise choices and decisions. And therefore, the market should be dictating these types of policies.

Cap-and-trade system must harness human ingenuity in the pursuit of alternatives to carbon-based fuels. As we've already heard, there are a lot of alternatives to carbon-based fuels, which Senator McCain will be discussing soon.

Market participants will be allotted a total number of permits equal to a cap on greenhouse gas emissions. And if they can invent, improve, or acquire a way to reduce their emissions, they can sell extra permits for profits. The profit motive will coordinate the efforts of venture capitalists, corporate planners, entrepreneurs, and environmentalists on the common motive for reducing emissions.

Specific greenhouse gas emission targets and timetables – people like to right down numbers, so here we go. By 2012, we want to return the emissions to 2005 levels, which is 18 percent above 1990 levels. Often, those seem to be the two benchmarks, so I'll give you both 2005 and 1990 levels. By 2020, return emissions to 1990 levels, which is a 15-percent reduction below 2005 levels. By 2030, a 22 percent below 1990 levels, 34 percent below 2005 levels. And by 2050, 60 percent below 1990 levels or 66 percent below 2005 levels.

Through this cap-and-trade system, the U.S. could gradually reduce emissions, lessening the impacts to the economy. The cap-and-trade system would encompass electric power, transportation fuels, commercial business, and industrial business – sectors responsible for just below 90 percent of all emissions. However, we understand the economic impacts of these policies, and small businesses would be exempted.

Initially, participants would be allowed to either make their own greenhouse gas reductions or purchase offsets, either domestic or international – and this is the part where we sometimes get yelled at – to cover 100 percent of all of their required reductions. These offsets would be available through a program dictated to ensure that all offset greenhouse gas emissions reductions are real, measured, and verifiable. And the fraction of greenhouse gas emissions permitted via offset would decline over time.

So initially, they would be able to – because we recognize that some of these technologies aren't going to be available immediately, companies would be able to purchase offsets, either domestically or internationally to meet up to 100 percent of their requirements, like I just said. But these would be – but in order to make this a real cap-and-trade system forcing real emissions reductions, these offsets would be reduced overtime.

To support the cap-and-trade system, we will promote the innovation, development, and deployment of advanced technologies. Senator McCain hopes to

reform the federal government research funding and infrastructure to support the cap-and-trade emissions reductions goals and emphasize the commercialization of low-carbon technologies. Under this plan, emissions permits will eventually be auctioned to support the development of advanced technologies. A portion of the proceeds of these auctions will be used to support a diverse portfolio of research and commercialization challenges ranging from carbon-capture and sequestration to nuclear power to battery development. And if you ever talk to Senator McCain about this issue, he will go on and on about his belief in nuclear power, which we can also talk more about during the Q&A if you would like.

Funding will also be used to provide financial backing for the green innovation financing transfer, the GIFT, which is our program to help facilitate commercialization. We hope to streamline the process for deploying new technologies and require more accountability from government programs to meet commercialization goals and deadlines. And we'll ensure rapid technology introduction, quickly shifting research from laboratory to the marketplace – also to employ the inherent incentives provided by a cap-and-trade system along with a government-led competition as incentives for new technology development.

John McCain believes an effective and sustainable climate policy must support rapid economic growth. I believe that the economy is going to be a huge portion of the debate that is going to be coming up, especially in the Senate. Impacts on states, like Ohio, and other coal-heavy reliant states is going to be a huge portion of both the Senate debate and, frankly, the presidential debate coming forward.

Under the McCain plan, a portion of auction proceeds will be used to reduce impacts on low-income American families. The McCain plan will accomplish this in part by incorporating measures to mitigate any economic costs and many emissions targets, including trading emissions permits to find the low-cost source of emissions reductions, permitting banking and borrowing of permits so that emissions reductions may be accelerated or deferred to more economically efficient periods, permitting unlimited initial offsets for both domestic and international sources like I already discussed, effectively integrating U.S. trading with other international markets, thereby providing access to low-cost permit sources, and establishing a strategic carbon reserve as a national source of permits during periods of economic distress.

As part of this economic adjustment, this plan will allow for early allocation of some emissions permits on sound principles. This will provide significant amounts of allowances for auctioning to providing funding for transition assistance for consumers and industry. It will also directly allocate sufficient permits to enable the effective – the activities of the climate-change credit corporation, which some of you are familiar with as a program that is also outlined in the Lieberman-Warner bill, the public-private agency that will oversee the cap-and-trade program, provide credit for entities for reduction made before 2012, and ease transition from industry and competitiveness concerns and fewer efficiency technology options.

The commission will also be convened to provide recommendations on the percentage of allowances to be provided for free, and the percentage of allowances to be optioned, and develop a schedule for transition from allocated to maximum option allowances. Cap-and-trade system will work to maximize the amount of allowances that are auctioned off by 2050.

I'm just going to speak a little bit about international cooperation, then I want to mention the polar bear. And then I'll be done. The international community and markets will play a key role in the U.S. climate-challenge policy. But Senator McCain does believe that the United States must be a leader on climate policy moving forward, understanding that so far, in his belief, the United States has not been a leader on climate policy.

John McCain will engage the international community in a coordinated effort by actively engaging to lead the United Nations negotiations, permitting America to lead in innovation, capturing the market on low-carbon energy production, and export these technologies to countries, including government incentives and partnerships for sale of clean technology to developing countries. He will also provide incentives for rapid participation by India and China while negotiating an agreement with each.

I can also talk about adaptation plans, but I'd rather talk about the polar bear. As you're aware, the polar bear was listed as a threatened species on May 14th. As you're probably also aware, this is the first time an animal has been listed because of a direct impact of climate change. Critics of this listing note that the polar bear has survived other atmospheric warming trends before. But it is important to note that the polar bear today is not coping with this climate change alone but also facing a host of other human-induced factors including shipping, oil and gas exploration, contaminants, and reduced prey population that compound the threats of their continued existence. For decades, unrestricted hunting raised international concerns for the future of this species. Population has rebounded after controls and quotas began to take effect.

Critics of the listing also cite concerns over the broad implication for oversight, believing the Fish and Wildlife Service will regulate utilities and pollutants. I'm sure you all have heard the argument that the Fish and Wildlife Service will now have the ability to permit all new power-generating plants. And why would we want to give the Fish and Wildlife Service these new broad authorities when they are not meant to be within that agency.

Obviously, this is new territory for the Endangered Species Act and the U.S. government. But Senator McCain believes that it is the direct result of inaction on climate change before now. The polar bear could be just the first to be listed, followed by possibly the walrus and krill and other Arctic wildlife as temperatures rise.

Senator McCain fully supports the listing of the polar bear. Ultimately, climate-change policies should limit Endangered Species Act consultation to be reasonable and manageable for climate-change cases. Until climate-change legislation is in place,

Senator McCain supports bringing together former Fish and Wildlife Service directors, National Academy of Sciences and other ESA experts into a task force to prepare specific policy recommendations on how to achieve reasonable and effective species protection for not only the polar bear, but future species threatened by global warming.

John McCain believes that the issue of climate change is one of the preeminent issues of our time and of the next presidency. He hopes that the Senate will have a constructive debate and that they can come up with a good and workable product. However, he does believe that we have waited too long to address this problem, and it is time for the U.S. to act and lead the world in these efforts. That's it.

MR. VERRASTRO: Thank you.

MS. JENSEN TALENT: Thank you.

MR. VERRASTRO: Thanks, Beck. Dan?

DAN UTECH: Thanks. I want to start by thanking Frank and thanking the center for this opportunity. I really appreciate the opportunity to be here and discuss these issues.

Senator Clinton recognizes that global warming and our energy – the energy situation that we find ourselves in, particularly our heavy dependence on oil and foreign oil are two of the most pressing challenges that we face, and they are interrelated challenges. So she has made it clear that this would a top priority of her administration to deal with these issues, along with health care, one of her top domestic priorities.

And this is an issue that she has worked on in the Senate. She has been on the Environment Committee during her entire tenure in the Senate. As far back as 2002, she supported a bill by Senator Jeffords to place carbon dioxide limits on power plants. I think that was the first binding legislation considered in any Senate committee to deal with CO2 emissions. She went on a couple of those trips with Senator McCain. They went to Norway and they went to Alaska, and has also worked to reach across the aisle in a bipartisan way to work on these issues. And I will just give a couple examples of that.

Just from last year, she worked with Senator McCain and Senator Warner on the Armed Services Committee to include in the DOD authorization bill a provision to require the Department of Defense to begin to look at the national security implications of climate change. This came on the heels of a report that was released by a set of retired generals and admirals that outlined the ways in which the anticipated effects of climate change would be drivers for instability in parts of the world, and recommended a series of steps for the Department of Defense to begin to take to appropriate those considerations into long-term planning.

During consideration of the energy bill last year, she worked with, on the one hand, Senator Jeff – Sanders, rather, to create a new training program in energy

efficiency and renewables – green jobs, training program. On the other hand, she worked with – coauthoring with Senator Inhofe to promote greater efficiency in federal buildings, particularly with respect to heating and cooling equipment. So I think she has demonstrated an ability to work across the aisle to get things done on these issues.

In her campaign, she has outlined a very aggressive proposal. There is a lot of overlap between the candidates, and particularly between Senator Obama and Senator Clinton on these issues. I guess I would start by saying I think there is a lot of overlap between the three candidates in terms of agreement on cap-and-trade as a basic framework for dealing with climate change. I think also the three candidates agree on a general approach internationally and restoring U.S. leadership, I think.

But I think there are some distinctions and without debating, I just want to talk a little bit about where I think there are a few distinctions. As I said, I think there is broad agreement with Senator Obama on the cap-and-trade proposal. They both proposed to reduce emissions 80 percent below 1990 levels by 2050. They both proposed a 100-percent auction of the emissions allowances. Senator Clinton has also proposed \$150 billion in clean energy spending. I think there are some distinctions and emphasis. Senator Clinton's plan I think is more detailed in certain areas, particularly in energy efficiency, and I'll talk a little bit about that in a minute.

Senator Clinton's plan also has a lot of emphasis on so-called complementary policies, policies in addition to cap-and-trade. For example, 25 percent renewable portfolio standard, and increase in fuel economy standards to 55 miles per gallon by 2030, funding for 10 carbon capture-and-storage pilots, increased research funding, appliance efficiency standards and other policies of that nature, and I think that there is a substantial research that indicates that those policies are desirable and really necessary if we're going to drive particularly early and cost – the most cost-effective reductions early on in our efforts, in a decades-long effort to deal with this problem.

So I think that, you know, with that basic – although there is agreement on the basic cap-and-trade framework, I think there are some distinctions in terms of what Senator McCain outlined recently. One is the targets, the long-term targets, 60 versus 80 percent. Another is on the question of auctions I think – which perhaps is something that we can talk a little bit more about. Senator Clinton has proposed 100-percent option. At least that is the most efficient and ultimately the most cost-effective way to run this program. I think we have seen in Europe that there is potential to simply create windfall profits for companies through – by giving allowances away. And I think another distinction is on offsets as well. Senator Clinton supports both domestic and international offsets but with some limits on the quantities of those.

In addition I think – Rebecca said that Senator McCain is going to outline in the near future some energy-specific policies, and I think maybe that's where some of these complementary policies will be addressed, but Senator Clinton has consistently supported a renewable portfolio standard, as well as efforts recently to extend the tax credit for

renewable energy and other things by – to pay for that by repealing some of the oil company tax breaks that have been handed out in recent years.

As I said, I think, you know, the reason that these complementary policies are so important is that we want to drive the most-effective reductions early in the program, and I think looking at efficiency indicates the importance of doing that. There have been a number of studies in recent years – Dewy and others – McKinsey did one last year that came out I think in November and December – or December, where they looked at abatement options for the U.S. and developed a cost curve, and found that we're up to 4.5 giga-tons of reductions available through 2030 at a price of less than \$50 per ton. About 40 percent of those were available at negative cost, that is that they pay for themselves. And most of those negative cost abatement options are through, you know, more efficient buildings, more efficient appliances, industrial efficiencies – those are the biggest and cheapest emissions reductions that are available in the U.S. And in fact, they found that 85 percent of the project increase in electricity demand through 2030 can be met through implementing these efficiency measures.

There are a number of – there are a lot of barriers to implementing these policies or actually achieving those reductions, but I think a number of states, and particularly California has shown that with an integrated set of policies, the decoupling that Elgie talked about – applying standards and other measures that you can achieve these reductions. California per capita electricity demand has been flat for three decades now, whereas in the rest of the country, it has gone up about 50 to 60 percent. So I think we've shown that it can be done and I think we've also learned cap-and-trade alone is not going to create those – it's not going to drive those necessarily, particularly in the early years.

So I think actually, just one additional note on complementary policies and those are renewable portfolio standard. We have had a lot of debate on that in the Senate in recent years. As I said, Senator Clinton has proposed a 25 percent RPS by 2025. This is, I think another policy that works well with cap and trade that the EPA's recently analysis, the Lieberman-Warner bill noted that a national renewable portfolio standard would dampen allowance prices – that is, would reduce cost to the system overall. Another analysis using Dewey models show that a 20-percent RPS would save consumers \$10 billion at \$25 billion in income for farmers, ranchers, and others who have the wind turbines on their land, a similar set of benefits for fuel efficiency and some of these other standards.

So Senator Clinton believes that we need – that cap-and-trade is the overall framework that we need a set of complementary policies to go with it. And I think in the interest of time and entertaining some questions, I'll stop there. Thank you.

MR. VERRASTRO: Dan, thank you very much.

So we identified some overlaps and some clear distinctions. There is a couple of questions that come readily to my mind. But let me open this up first, and so that I can

see all sides of the room, I think I'll stand up here. We'll start right back there in the middle and move on.

Q: (Off mike.)

MR. VERRASTRO: Can I just ask you one thing – we have two just simple rules. One is that you identify yourself. We have microphones coming. So identify yourself before you ask the question, and please pose your question in the form of a question. We love the commentary but we have limited time. So, thanks.

Q: Hi. Tiny Sealy with Bloomberg News. I wondered if each of the campaigns can talk about the idea of expanded drilling either in ANWR or the OCS as a response to high energy prices.

MR. HOLSTEIN: I'm sorry. I didn't fully get the question. The candidates' position on drilling where? Opening ANWR? Sorry.

MR. : ANWR in the U.S. space –

MR. : Opposes.

Q: (Chuckles.) Senator McCain has also had a record of proposing drilling in ANWR and has supported the states' rights as far as OCS drilling goes. He supported the agreement that Louisiana and the Florida members reached – I think it was the last Congress, but has really differed to the states' members when it comes to OCS drilling, the stakeholders, I should say, on those gas drilling.

MR. UTECH: Senator Clinton opposes ANWR. In addition to OCS, she also supported the expanded Gulf drilling that Congress approved several years ago.

Q: (Off mike) – I was wondering if you could just comment. Sorry. Rosemarie (sp), Senate Energy and National Resources. If you could comment on coal and specifically the cancellation of FutureGen.

MR. VERRASTRO: We have to kind of go down the line here, so if you want to go, Dan.

MR. UTECH: Sure. I think that this, you know – Senator Clinton believes we need a suite of policies to address the climate crisis, to reduce emissions. She believes that carbon capture storage is going to be one of those technologies. That is an area that we have not invested adequate resources in. Specifically she has proposed immediate investment of resources into 10 large-scale projects to utilize a range of coal-types technologies to try to get the technology developed and commercialized as quickly as possible. And along with that, has also proposed that we, you know, accelerate development of the rules of the road in terms of regulations and permitting and things that we don't have in place yet.

Q: (Off mike.)

MR. UTECH: Well, I think, you know, as I said, FutureGen is one project. She thinks we ought to have 10, so I think she would reevaluate that – FutureGen in the context of an overall program.

MS. JENSEN TALENT: This is another thing that is going to be discussed more in our energy rollout – (chuckles) – but I can tell you that Senator McCain believes that – that coal is the United States’ most abundant energy source – or I guess available source I guess is a better way to put it. You’ve got some states, like I mentioned, Ohio, that are 80-percent dependent on coal for their energy sources right now. But there have to be new technology rollouts and advancements as far as clean-coal technologies go. And we believe that we’re on our way to doing that. FutureGen is an example of a program that is on its way to being both – it leaves the possibilities open for a market-sustainable clean-coal use. However, FutureGen is incredibly expensive – (chuckles) – right now, and there are obviously issues that need to be addressed for FutureGen. So I think that we’ll probably be addressing that issue more so in the weeks to come but I haven’t had a chance to discuss it with him personally as far as his personal feelings on FutureGen, but I think we’ll be talking more about it in weeks to come.

MR. HOLSTEIN: Well, being from Illinois, Senator Obama is a strong supporter of using America’s coal – extensive coal resources, and is confident that we can develop the technologies necessary to be able to burn coal cleaning and also to export that technology to particularly the developing countries where coal seems to be the fuel of choice right now and poses the greatest threat at least in the electricity sector to carbon emissions.

With respect to FutureGen, I don’t believe that Senator Obama has commented specifically, if your question goes to the Department of Energy’s cancellation. I gather it does, okay. So he hasn’t commented on that specifically, but I think that episode does demonstrate the need to have in place some clear well-thought-through and transparent standards for making the financial commitment where the taxpayers’ checkbook is involved. We do have to be able to accept high failure rates. We do have to understand that, for example, the 10 different types of approaches that MIT outlined in its coal study a couple of years ago won’t all work out. But at the same time we need to be approaching the cost-sharing arrangements, the grant-making arrangements, the technology reviews – the kinds of reviews that I think are essential to maintaining credibility as well as progress in achieving some important goals such as cleaning up our coal-burning technologies.

MR. VERRASTRO: I have a quick question, just – and you all touched on it a little bit, but this idea of the transition, if a transformation or a transition is occurring – so that is the first question – do you think that is taking place when you overlay important dependence, economic growth and climate change. And then the second question is really a bigger question on the bridge. If we’re heading towards something but we need

energy in between and we need economic development in between, when you look at the scale, it's a scale of nuclear, or a CCS doesn't exist at scale yet, or a clean-coal technology, it's going to require either more gas imports or something else in the interim, maintaining relations with oil producers as long as we have liquid fuels. So number one, do you see a transition, and do you really make the distinction between the kind of future that we want and recognize that there is a bridge in the middle?

MS. JENSEN TALENT: Is your question whether or not there is the transition occurring at this moment?

MR. VERRASTRO: Yes.

MS. JENSEN TALENT: Well, now I have spoken so I guess I have to answer first. (Laughter.)

MR. VERRASTRO: Nice clarification. (Laughter.)

MS. JENSEN TALENT: I guess I can speak personally as to whether or not I believe that, and not speaking necessarily on behalf of our campaign, but I believe that high prices – I believe Americans tend to transition when their pocketbooks are directly hit. And I think that we're at a point when we have the opportunity for incredible transition both away from transportation issues and – both away from oil use for our primary source for transportation and for issues associated with our electricity production, especially – I think that it's pretty telling that you've seen such a rise in flex-fuel use and deployment as well as hybrid use and purchase by the American public in the last few years. I think that that – it's telling of people recognizing not necessarily – not only the environmental impacts but also the impacts on their own home budgets.

So I think that we are beginning to see a possible transition. I don't know how far along we are in the process. We obviously still have an incredible distance to go, but I think that we are at the beginning of a – we are on the brink of a possibility of transition, I guess, is what I would say.

MR. UTECH: Yeah, I think we are – (clears throat) – excuse me – I think we are starting to see a transition. Certainly with the prices of oil and gasoline we are seeing are bringing home for people that the economic costs, our heavy reliance on oil, particularly for transportation. And I think you are also seeing a growing awareness of and concern about global warming if you look at polls on that. And I think that we are starting to deal with both of those. And I think because there has been so little action at the federal level, there has been a lot of action at the state level starting with California and a lot of other states that followed California's lead in setting pretty aggressive emission-reduction targets at the states. And I think that has helped drive interest in dealing with it at the federal level.

MR. HOLSTEIN: I think it is tempting to suggest that we are on an irreversible path of rapidly rising energy prices. And I believe that we will see both a supply

response and are already seeing something of a demand response to these higher prices. That said, I think we are seeing a general direction and a set of market behaviors that are consistent with the way commodity markets, when you have this much uncertainty, often behave. And that suggests a very strong warning signal. It is not the first our policymakers have received in the short history of energy policymaking. But it is certainly a serious one bringing to mind the old poem that became – I guess it was actually a spiritual that became the title of James Baldwin’s book when he said, which goes – God gave Noah the rainbow sign. No more water, the fire next time. So while I don’t think we are in an emergency situation, I do believe we are in a transition situation. One, which in spite of some ups and downs in supply and demand is generally speaking sending us a very clear signal.

With respect to the bridge, the low-hanging fruit there, as Dan has described and detailed quite accurately and thoroughly, is if energy efficiency – while we strive to make next-generation coal-burning technologies a reality, while we make the shift to more fuel-efficient vehicles and buildings, while we develop the green jobs and the new technologies to modernize the grid, and all the other things you have heard us talk about, it is absolutely essential that we move to and take advantage of the enormous opportunities and the economically efficient opportunities associated with energy efficiency.

Q: Can each of you talk about your candidate’s positions on nuclear power and where that fits into the energy mix going forward – the nuclear – so-called nuclear renaissance? And also, if they do support nuclear power, the extent to which they believe the federal government should assist the nuclear industry by way of loan guarantees and other such mechanisms. Thanks.

MR. UTECH: I think generally speaking, Senator Clinton believes that efficiency renewables are better near-term options. Nuclear power does provide electricity in a significant – you know, 20 percent of our current electricity and does so basically without greenhouse gases, so it is not something that she wants to take off the table. But there is that of proliferation and waste issues associated with that. She wants to continue working on those. As for the subsidies question, she is not in favor of new subsidies for nuclear – although obviously if we put a cap on carbon, nuclear is going to be more competitive just by virtue of that alone. But in terms of whether as part of that program or something else, should we provide new nuclear subsidies? She is not in favor of that.

MR. HOLSTEIN: Senator Obama is not an opponent of nuclear energy, does not believe we should be closing down the 104 operating commercial nuclear power plants that we have. He remains concerned, however, about the safety, that is to say, the infrastructure security element, the transportation questions, which of course relate to some degree not just to technology and process, but also to public acceptance. And he is also concerned obviously about the long-term waste considerations, has been particularly active and concerned on an international level about materials protection control and accounting, where we see the division between – in the United States between our commercial and military uses of nuclear energy being very distinctly separate. Those

distinctions are considerably less clear in the international realm, particularly those nations that are seeking to develop enrichment technology.

So I would say that although he hasn't articulated a particular role of nuclear power, he has certainly not been an opponent of it, but does have these concerns. John, there was another element to your question that I think I missed.

Q: Loan guarantees and federal support for nuclear –

MR. HOLSTEIN: Loan guarantees – has not articulated, to date, the need or support for those policies. But I think, speaking for myself, I would say that I think we will, as a country, have some very serious policy questions to confront if the continuing high cost of new nuclear power plant construction keeps nuclear power out of reach, even with a cap-and-trade system or carbon pricing system in place. We can certainly address many of the nation's needs through a stronger and more resilient system; we can go for the low-hanging fruit of energy efficiency and build that into rate-making in a much more progressive way, as they've done in California. But ultimately, again speaking for myself, if we cannot figure out a way to build nuclear power plants more cheaply, and if the financial community continues to express the kinds of reservations that it has, nuclear power will have rough going and policymakers will have tough choices.

MS. JENSEN TALENT: Senator McCain is a very, very strong advocate of nuclear power. I think that's maybe even putting it lightly – (chuckles). This is one of his favorite things to talk about these days, is our need for expansion of nuclear power. He often cites the fact that 90 percent of the French energy comes from nuclear power plants, and he believes if they can do it, we can too.

As far as federal support for nuclear power goes, we actually have a lot of incentives currently for nuclear power production. We have something like \$20 billion sitting on the books, waiting to be expanded and – waiting to be spent in support of nuclear power production. Our problem right now, actually, is two-fold: Obviously, we have a waste issue. We have the fact that the NRC has not yet approved the application for Yucca. And if they're not going to, then where do we go from there? We have issues – there are ways to address on-site storage, whether it be wet storage – a faster transition from wet storage to dry storage that can help increase security of on-site storage in the interim. But obviously, like it was mentioned earlier, we also have transportation of waste issues if we do end up going to a Yucca system.

Like Dan already articulated, the cap-and-trade system is put in place; that's the greatest incentive to nuclear that could ever be because right now, nuclear is really the only non-greenhouse-gas-emitting form of energy that we have in the United States. So if a greenhouse gas – if a cap-and-trade system is put in place, I think there's a valid question as to whether or not we're even going to need to be encouraging the building of nuclear power plants, in light of the fact that people are going to be looking to nuclear power to really reduce their admissions.

I think that that about covers it. So in his first four-year rollout speech, he mentioned that he anticipates the building of and tremendous expansion of nuclear power within the United States. So it's a major part of his plan.

MR. VERRASTRO: I have two quick questions. We'll take Lawrence up here, and then Adam in the middle, and then we'll swing that way.

Q: Lawrence – (off mike). I have two quick questions: The first one –

Lawrence Oviderriva (sp) at CND. Two quick questions. The first addresses the renewal for four-year standards. There's an aggressive percentage ratio there, 25 percent; Senator McCain was at vestas (ph). But one of the aegis – (inaudible) – with renewables is that many times – in this case wind energy is going to be one of the biggest contributors to those standards – the issue is building transmission. And so I'd like to know your perspectives, okay, the views of the candidates on how will you incentivize more transmission to be built to bring back those renewable energy into the low pockets.

The other question is one of the issues facing the industry today is that the energy industry is an aging one, in terms of the workforce. And there's been a lot of talk about clean jobs, clean technology, but if you look at the universities today, you don't have a lot of people going into energy as a form of curriculum. So what are the measures being considered for increasing the number of students getting involved in the energy sector? Thank you.

MR. VERRASTRO: We're going to start with Elgie this time.

MR. HOLSTEIN: Can I pass? (Laughter.)

MS. JENSEN TALENT: I'll start because I don't have a whole lot to say on that one. No, it's – the trans-emission issue, I don't feel comfortable at this point speaking on because again, this is going to be an issue that we're going to be rolling out.

And the workforce is a very valid question. There are a lot of questions about the workforce in the energy sector, whether it be high-tech jobs or manual labor. Obviously, we have labor issues across the board in the United States which, at this point, I could start talking about immigration a little bit, but I won't – (chuckles) – because that's my other area of expertise. But I think that that's an incredibly valid question, and I don't have a good answer for you at this point. But I think that it's something that's going to need to be addressed, and it's important for us to think about and be reminded of because it's not something we often think about.

MR. UTECH: Senator Clinton and her energy plan recognizes that this is – transmission is an issue we're going to have to deal with, and basically said that it's something she's going to look at. There's not a specific proposal there in terms of, you know, incentives or rights-of-way on federal land, or things like that.

But as far as the workforce issue goes, as I mentioned, she helped to establish the green-jobs training program. I don't know if that speaks directly to the issue that you raised at universities. She also has a science agenda and a set of education proposals that I'm not as familiar with, but I think that would – there'd be some overlap there, in terms of increased support for higher education generally and also increased emphasis on science education.

MR. VERRASTRO: There was a National Petroleum Council report that we and several others of us in this audience participated in, and it highlighted the workforce issue as the Baby Boomers age. And it pointed out even on the nuclear side, we had a session here last November, there's one CEO of a U.S. nuclear company that was actually involved in the construction of the last power plant that we built, because it was 30 years ago. So there's a real manpower constraint. Adam, go ahead.

MR. HOLSTEIN: Can I just respond to the transmission thing, briefly? I'll be very brief.

I think the – Lawrence, I think the most important thing we can do in the near term – and Senator Obama has not gone into this level of detail in his energy proposals yet – but my own view is that if we can follow through on some of the other aspects of his proposals with respect to galvanizing investment in renewable energy technologies, in reforming state rate-making approaches and to encourage things like distributed generation, we can – and efficiency – we will be sending very strong signals to the investment community that we need to be directing more capital there. Whether that will be sufficient, whether it will happen fast enough, I think is anybody's guess.

The aging workforce question is one that plagues a lot of aspects of the government's evolving activities in the energy field, including in, if I may so – this isn't the topic here today, but in weapons, nuclear weapons development. A company that I do work for, which is called Circo, runs the atomic weapons establishment in the U.K. And we were just out at Sandia National Laboratories answering questions from the Department of Energy about how, in the U.K, they've handled this question of maintaining the skills and knowledge necessary to – if it some day becomes necessary – design and build new nuclear weapons. And so down – as the retirements take place and we move away from those who are actually involved in the development of weapons that were actually detonated, this becomes an issue.

You have the same thing in some other areas of top-level science. Fortunately, the Department of Energy, through its large energy facilities – for example, those in Chicago, the advance photon source, et cetera – there's a great deal of university involvement in those areas. I think if we can expand those – I personally believe if we can expand those partnerships, as well as encourage the national laboratories through increased funding, as well as through the lab directors' own decision-making, to expand their outreach and involvement with the academic community, we will be reinforcing a pipeline of young knowledge, skills and abilities that will be sorely needed to tackle the problems we've been talking about today.

Q: Adam Simensky (sp), from Deutschebank.

I understand that the Senate is expected to vote soon on a legislation that would allow lawsuits against OPEC, and that several of the candidates have supported that legislation in the past. So my question is could you explain, in light of the answer to the earlier question about ANWR, not taking actions to drill our own resources, why suing OPEC is a good idea and would the candidates who approve that support an amendment to include Mexico because of their refusal to rapidly develop their oil resources?

MS. JENSEN TALENT: I'll start on that one. To my knowledge, Senator McCain has not come out in support of the legislation to sue OPEC. If I'm wrong on that I apologize, but that doesn't seem to be in line with what he would say, so I'm about 90-percent sure he hasn't said that.

And just to clarify, Senator McCain is not against domestic development. When he voted against ANWR, I believe his statement was I do not support drilling in ANWR at this time because he felt that it was incredibly controversial issue, and that there were legitimate environmental concerns, and that there were legitimate questions about when that oil would be available. He does believe in domestic development, but he believes that stakeholders should have a say, and he believes that there are other places where we could be drilling first. So I think that's a common misconception, that Senator McCain does not support domestic development because, in fact, he does.

MR. UTECH: Well, I guess as an indicator, Senator Clinton supported the Gulf drilling expansion that was approved a couple years ago, so her general principle has been, in a place like ANWR, I think she thinks is a unique place that should be off-limits for a unique set of reasons. With respect to off-shore areas, she's generally – in places like the Gulf, has supported exploration where it has local support, which generally is not the case, has not been the case, off-shore in the Atlantic and Pacific areas.

Q: (Off mike.)

MR. UTECH: The OPEC – Senator Clinton voted – I think the last time the Senate voted on that, I think, was last June, during the consideration of the energy bill. I think the proposal got in the range of 70 votes. I think it was either Senator Kohl or Senator Specter that put it forward. And, you know, I think she believes that OPEC is a cartel and we should use what tools we have to encourage them to increase production.

MR. HOLSTEIN: Adam, you're one of the most astute and, I think, knowledgeable observers of the energy market and the political energy scene. But I have to disagree with you, I think, about the linkage that you're drawing between domestic production policies and the argument for an anti-trust style approach to OPEC.

I think even – and I have not heard Senator Obama, let me be clear, speak to that specific issue, so I don't know his answer to this question. But I'd suggest to you that the

– at least one pillar of the argument for more aggressive action with regard to OPEC deals with its, what I guess many would call collusive behavior, with respect to the setting of output. I don't think anybody necessarily questions, as a matter of national sovereignty – perhaps they might question it as a matter of national or international economic policy or foreign policy – but I'm not sure that anyone would call into question, rightly, the rights of producing nations to set, make decisions about their production. But the collusion that occurs – or perhaps we should use softer expressions and suggest that the collaborative nature of their decision-making is strongly in opposition to the sort of traditions of true open-market price-setting that we have in this country. And I think it underlies a lot of the political outrage that has led to these sorts of proposals.

So I'm not sure I'm with you; I think the same issues would obtain even if we were to open ANWR, and even if we were to begin to allow off-shore drilling. But we can debate that later, maybe.

MR. VERRASTRO: Yeah, and I don't want to belabor that point. I think the difference is in a surplus market controlling production because I think you're right. I mean, the sovereign always controls the resources. In a surplus market, collusive behavior takes production off the market; in a tight market, we're the only country that has spare capacity, it becomes a sovereign issue. I mean, there's a fine distinction here, but it's a different world we're in.

So yeah, go ahead.

Q: Joe Hebert (sp) with the Associated Press.

Could you tell us, first of all, whether or not your candidates support Lieberman-Warner? And if not, give one major issue that's there that causes them not to support? And related to that would you, if you get to the White House, push more aggressively on the endangerment finding in terms of carbon dioxide, which is an issue that is not going to be resolved in this administration?

MR. UTECH: I'll go first. Senator Clinton is on the Environment Committee, so she passed a vote for Lieberman-Warner, the Lieberman-Warner bill, in committee. At the time, she expressed a desire to see the bill improved, but wanted to move the process forward. I think I've outlined some of the areas where, perhaps, she would take a different approach with Lieberman-Warner, on auctions, for example. So, you know, we'll have the debate soon, I think. We've just seen the latest draft of the bill, so we're digesting that. I think there have been some improvements made, but I don't want to speak for her at this point, in terms of that upcoming vote.

The endangerment finding, I assume you're referring to using the Clean Air Act as a tool?

Q: (Off mike) – my question is whether your candidate will move aggressively on that subject.

MR. UTECH: Yeah. I can't really speak to the endangered species issue, that's a pretty new one. And on the Clean Air Act, I mean, I think that, you know, the courts have settled that issue now. And Senator Clinton's prepared to use those authorities, but thinks that working with Congress to have a new legislation, to create a cap-and-trade program, is a superior approach.

MS. JENSEN TALENT: What was the first part of your question again – oh, Lieberman-Warner. Senator McCain has said that he does support Lieberman-Warner; however, he wants to continue to work with them to improve the nuclear provisions in the bill. He said that publicly, and I think that that's accurate to what his staff is doing.

Q: What does improve the nuclear provisions mean?

MS. JENSEN TALENT: Enhance them, increase them.

We, in Lieberman-McCain, McCain-Lieberman, there were some specific references to nuclear power that are not included in Lieberman-Warner. And I also cannot speak to the new Boxer substitute yet, as we haven't made it all the way through yet.

As far as issues dealing with the Clean Air Act and Endangered Species Act, ultimately I think that Senator McCain would agree with what Dan said, which is that what we really need to do is implement a cap-and-trade climate change policy, that these are just smaller ways of getting at the issue without addressing it in a broad, comprehensive way, and that doing it in these kind of roundabout ways just has numerous unassociated – unpredictable problems associated with it. So I would agree that the best way to address this is through a comprehensive climate change policy.

MR. HOLSTEIN: In the interest of time, I'll just associate my response with these two folks who articulated it exactly right. The Lieberman-Warner legislation is a moving target, and environment and public works is building on it, and everyone's looking at it now. And with respect to the ESA and Clean Air Act authorities, those are less desirable ways to attack the problem. But if that's all we end up with, and if that's all we can use, whether at the state or the federal level, that's what will be used. The most important thing of all is to make a start.

MR. VERRASTRO: And on that collegial note – (laughter) – thank you so much. We promised the representatives that we would get them out of here by 11:30. We recognize that it is the Friday before Memorial Day. The fact that we have a range of other questions we didn't get to only means we're going to have to do this again. So we thank the panel very much; I really thank you all for attending. And we'll let you know when we can do session two. Thank you all very much.

(Applause.)

(END)