

PickensPlan

T. Boone Pickens Media Coverage 9.1.10

Total of 9 Placements

- Print: 2
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Coverage Summary:

Senator Reid said he hopes to pick up Republican votes for a pared-down energy bill after the midterm elections. He said a nationwide renewable-electricity standard is in the mix as he tries to gather support for the bill.

Notable Natural Gas Coverage (Full Articles Below)

- **Reid Hopeful For GOP Energy Votes After Elections** – *Reuters* – 8/31/10
- **Reid Puts Renewables Mandate In Play, Eyes Lame-Duck Energy Bill** – *The Hill Energy & Environment Blog* – 8/31/10
- **US Senate Majority Leader To Pursue Narrow Energy Bill This Year** – *Platts* – 8/31/10

Print Placements (Full Articles Below)

- **Judge Denies Cabbies' Request For Injunction Against Dallas Ordinance That Gives CNG Cabs A Break At Love Field** – *Dallas Morning News* – 9/1/10

Blog/Online Placements (Full Articles Below)

- **Natural Gas Taxes Going To The Front Of The Line At Love Field** – *Dallas Morning News City Hall Blog* – 8/31/10
- **We Should Pay To Shut Down Dirty Old Coal Plants** – *Grist* – 8/31/10

Extreme quantities of natural gas avails may produce unintended consequences

NOTABLE NATURAL GAS COVERAGE

Reid Hopeful For GOP Energy Votes After Elections – Reuters – 8/31/10

* Energy bill uphill struggle despite oil spill

* Reid holds out hope on renewable electricity mandate

* Cap and trade not likely

By Timothy Gardner

WASHINGTON, Aug 31 (Reuters) - U.S. Senate Majority Leader Harry Reid said he hoped to pick up Republican votes for a pared-down energy bill after the midterm congressional elections.

"Maybe after the elections we can get some more Republicans to help us on these issues," Reid, a Democrat, told reporters in a teleconference on Tuesday.

But passing any major legislation this year will be an uphill struggle. With Republicans eyeing gains in Nov. 2 elections, Democrats may face fierce campaign opposition on all major initiatives.

The modest energy bill that Reid introduced in late July sought to reform oil drilling after the massive BP Plc (BP.L: Quote) crude oil leak in the Gulf of Mexico. It also included incentives for energy efficiency in homes and alternative vehicles fueled by natural gas and electricity.

Reid said at the time that there were no Republican votes for climate measures such as a cap-and-trade market on greenhouse gases or a renewable electricity standard, which would require utilities to generate minimum levels of power from sources such as wind turbines and solar cells. The bill would require 60 votes to pass.

Still, Reid was hopeful some Republican senators may have more freedom to vote for the bill after the elections in which they may regain control.

"We are bound to come back on a lame duck and we are going to continue working on it," he said about the bill. "We will see if we can come up with something before the end of the year."

After the Senate returns from recess on Sept. 13, it will have four weeks before breaking again for the elections. During that time energy will vie with other big-ticket items such as military funding and tax policy.

Adding a Renewable Energy Standard back to the bill could help bring some Republican support the bill.

Reid said he had two Republican senators who would be willing to consider voting for a bill that had a RES in it.

Within the next week he will set a time to speak to those senators, Reid said. He did not say how many Republican or Democratic senators could be lost by adding a RES to the legislation.

There was little chance cap-and-trade would make it back into the bill, however. "It doesn't appear so at this stage," Reid said.

Reid Puts Renewables Mandate In Play, Eyes Lame-Duck Energy Bill – *The Hill Energy & Environment Blog* – 8/31/10

By Ben Geman

Senate Majority Leader Harry Reid (D-Nev.) said Tuesday a nationwide renewable-electricity standard, or RES, is “absolutely” in the mix as he tries to salvage energy legislation this year — possibly in a lame-duck session.

Before the August recess, Reid said he doubted an RES — which would require utilities to provide escalating amounts of power from sources like wind and solar energy — could win 60 votes. It was left on the cutting-room floor when Reid unveiled a modest energy bill in late July.

But Reid told reporters on a conference call Tuesday the energy bill is still a work in progress and cited two Republicans who have expressed interest in an RES. He did not name them.

One could be Sen. Sam Brownback (R-Kan.), who has called for including an RES in energy legislation. Reid said he planned to speak with the two Republicans soon.

“I am going to tie them down a little more closely,” Reid said. He spoke on a conference call to promote a Sept. 7 energy conference that he is co-hosting at the University of Nevada-Las Vegas.

Reid also suggested passing energy legislation could be more likely during a lame-duck session. He noted the Senate would resume work after the recess but added, “Maybe, after the elections, we can get some more Republicans to work with us.

“We are going to continue working on this. You won’t hear the last of us until we adjourn sine die,” he added, referring to the close of the current Congress.

The energy and oil spill response package that Reid unveiled in late July contained rebates for home-efficiency retrofits and measures to boost deployment of natural gas-powered trucks and electric cars.

But Reid is under heavy pressure from renewable energy groups, environmentalists and many members of his caucus to include an RES.

The Senate Energy and Natural Resources Committee last year approved an RES as part of a broader energy package that cleared the panel with several GOP votes.

It would require utilities to provide 15 percent of their power from renewables by 2021, although about a fourth of the requirement could be met with energy-efficiency programs.

A renewables mandate has long been a pillar of Democratic energy plans, but the proposals face resistance from many Republicans and some southeastern lawmakers from both parties have expressed fear that their states lack enough renewable resources to meet the targets.

Some Republicans — notably Sen. Lindsey Graham (R-S.C.) — have floated a broader “clean” energy standard that would include nuclear power and electricity from coal plants that trap carbon emissions.

One issue that apparently won’t creep back onto the agenda is legislation to impose a cap on greenhouse gas emissions. “It doesn’t appear so at this stage,” Reid said when asked whether a cap-and-trade plan could be revived. “It doesn’t have the traction that a lot of us wish it had.”

US Senate Majority Leader To Pursue Narrow Energy Bill This Year – *Platts* – 8/31/10

By Cathy Cash

US Senate Majority Leader Harry Reid Tuesday said that while he does not believe there is any chance the Senate will vote this year on a bill to cap greenhouse gas emissions, he plans to pursue a narrow energy bill that could include a renewable electricity standard. The Nevada Democrat said he hopes to bring a bill to the floor before the November elections, but would be willing to do so after the elections, if necessary.

"Maybe after the elections, we can get some Republicans to help us" pass an energy bill, said Reid, who is facing a tough reelection campaign. "You won't hear the last of us until we adjourn sine die."

In conference call with reporters, Reid said he "absolutely" believes there is a chance the bill might include a renewable energy standard and that such a provision would actually attract a couple Senate Republicans, who hold 41 of the chamber's 100 seats.

"Two Republican senators expressed interest" in voting for the legislation if it also contained an RES, he said.

Reid said his energy bill remains a "work in progress," but would contain provisions he proposed before Congress left on its August recess.

Those provisions include increasing the spill liability fund requirements of oil companies from \$1 billion to \$5 billion, encouraging retrofits for natural gas and electric vehicles, boosting the Home Star efficiency program with \$5 billion in incentives and fully funding the Land and Water Conservation Fund.

But Reid said there does not appear to be any room to add a controversial GHG cap and trade system, which passed the House of Representatives in 2009.

"It doesn't appear to have the traction we wish it had," Reid said of the GHG measure.

Last year, the Senate Energy and Natural Resources Committee reported legislation to the full Senate that contained an RES of 15% by 2021. The standard could be met in part by energy efficiency. The House last year passed a 20% by 2020 RES that also would include energy efficiency contributions.

PRINT COVERAGE

Judge Denies Cabbies' Request For Injunction Against Dallas Ordinance That Gives CNG Cabs A Break At Love Field – *Dallas Morning News* – 9/1/10

By Rudolph Bush

Dallas City Hall has scored a victory in federal court that will allow taxis that run exclusively on compressed natural gas to hop to the front of the cab stand line at Love Field.

An association of cab drivers unsuccessfully sought an injunction against a March ordinance that permits so-called CNG cabs to skip in front of traditional gasoline cabs at Love.

The City Council passed the ordinance as an effort to help improve the city's air quality.

U.S. District Judge Ed Kinkeade ruled Monday that the Association of Taxicab Operators USA, failed to show that the council acted in contradiction of the federal Clean Air Act when it created the ordinance.

Under the ruling, the city can implement the ordinance immediately.

That is sure to infuriate cab drivers who packed council chambers in March and have argued steadfastly since that the city is treating them unfairly.

An attorney for the taxicab association did not return a call for comment.

Many cabbies have said the rule gives a break to big cab companies that can afford to upgrade their fleets.

But drivers who rely on one or two cabs as a small business are either stuck with a big bill for a new CNG cab or stuck at the back of the line at Love Field.

They accuse Mayor Tom Leppert – one of the ordinance's biggest supporters – of giving a sop not only to large cab companies but to natural gas interests. That includes energy magnate T. Boone Pickens, who has made at least one personal visit to City Hall to back the ordinance.

In a prepared statement, Leppert called the ruling a step forward for the city.

"This is clearly critical from a health standpoint, helps us attract new companies to Dallas and reduces our nation's dependence on foreign oil," he said.

It's not clear that the ordinance will have a substantial impact on Dallas' air. Some city officials have said that it could spur demand for more CNG fueling stations and help expand the wider market for CNG cars.

According to the judge's docket, the case is set for trial in October 2011.

BLOG/ONLINE COVERAGE

Natural Gas Taxis Going To The Front Of The Line At Love Field – *Dallas Morning News City Hall Blog* – 8/31/10

By Rudolph Bush

City Hall scored a victory in federal court Tuesday that will permit taxis that run on compressed natural gas to hop to the front of the cab stand line at Love Field.

An association of cab drivers sought an injunction against the ordinance pushed by Mayor Tom Leppert as a salve to the city's air quality.

Cabbies say the rule gives a break to big cab companies that can afford to upgrade their fleets. Single operators who rely on one cab as a small business are either stuck with a big bill for a new CNG cab or stuck at the back of the line.

They accuse Leppert and the council of not only a sop to big cab companies but to natural gas interests, including T. Boone Pickens, who has made at least one personal visit to City Hall to back the ordinance.

City Hall sees the ordinance as a small but positive step toward cleaner air.

From a city press release: Dallas - Yesterday, United States District Judge Ed Kinkeade denied an attempt by the Association of Taxicab Operators to prevent the City from implementing this important clean air ordinance. The group had sought a preliminary injunction to stop the policy from taking effect.

"This is an important step in our efforts to clean up our region's air," said Mayor Tom Leppert. "This is clearly critical from a health standpoint, helps us attract new companies to Dallas and reduces our nation's dependence on foreign oil."

The ordinance, adopted last March, was designed to encourage the use of low-emission CNG vehicles to help Dallas fight air pollution and bring the City into line with federal clean air standards. It would allow the cleaner running CNG taxis to move to the front of the line to pick up passengers waiting at the airport.

The nine-county Dallas-Fort Worth ("DFW") region has been designated a nonattainment area with respect to the Environmental Protection Agency ("EPA") standards for ground-level ozone pursuant to the federal Clean Air Act. If the DFW region fails to come into compliance with the ground-level ozone standard as required by the Clean Air Act, the consequences may be severe, including the loss of federal highway funding and other funds. Moreover, the EPA has proposed to strengthen the ground-level ozone standard, making it even more difficult for the DFW region to come into compliance.

"This policy sends a strong signal that we're serious about the quality of our air," said Mayor Leppert.

Emissions from mobile sources, including motor vehicles, comprise approximately seventy-three percent (73%) of ozone-causing pollution in the DFW region. The City determined that providing incentives for low-emission vehicles was an important component of the City's efforts to help bring the DFW region into compliance.

The Court rejected arguments that the Ordinance created an emission standard that was pre-empted by federal law. In fact, the Court concluded that Congress intended that air pollution prevention and air pollution control are primary responsibilities of the States and local governments.

The City is now fine tuning the details to quickly roll out the policy at Love Field.

We Should Pay To Shut Down Dirty Old Coal Plants – *Grist* – 8/31/10

By Ted Nace

Too often, environmental policy turns into a game of whack-a-mole: solving one problem just makes another one pop up.

Such a perverse game is currently playing out in the push to retrofit old coal plants with scrubbers for "criteria pollutants" such as sulfur dioxide, nitrous oxides, and mercury. Although it is estimated that tightened regulation of these emissions will push about a sixth of the aging coal fleet into retirement, those plants that survive the gauntlet will be harder than ever to close after receiving expensive retrofits. Although the shiny new scrubbers will make the air cleaner, these plants will now spew entirely new waste streams such as scrubber sludge, and the additional power to run the scrubbers will require additional mining. Worst of all, equipping a plant with an expensive new scrubber will give that plant a new lease on life, enabling it to keep spewing out carbon dioxide and spelling disaster for the 2030 deadline that climate scientists have named as the key to preventing dangerous climate change.

Scrubber retrofits are a devil's bargain, as we can see at power plants like the Merrimack Station in New Hampshire and the Boardman Plant in Oregon. In both instances, the Sierra Club and others came out against \$500 million scrubber retrofits, arguing that the plants should instead be retired. Naturally, the owners of the plants have resisted closing the highly profitable facilities. They'll make more money scrubbing them up and running them until 2040 or later.

Maybe it's time to consider a new way to deal with all this, based on the adage, "You catch more flies with honey than with vinegar." What about creating a positive financial incentive to induce power companies to shut down old coal plants? This Cash for Coal Clunkers idea has been floated by such people as Ted Turner, T. Boone Pickens, Silicon Valley entrepreneur Steve Kirsch, and science writer Bill Sweet.

"Nifty notion!" you say (having overcome the gag reflex induced by the thought of the federal government writing huge checks to gentlepowerpeople like Jim Rogers). "But won't the scheme cost billions of dollars? What about fiscal austerity? Haven't you heard about the global financial crisis? Where in hell will the money come from?"

The answer to the financing riddle can be found in the work of tobacco policy analysts, who have developed the crucial insight that smoking (like coal plant emissions) not only inflames arteries and darkens lungs, but also plays pickpocket with Uncle Sam. That's because smoking kills income earners, and income earners pay taxes. In addition, people who are disabled by smoking (or coal plant emissions) create fiscal burdens on federal programs such as Medicare, Medicaid, and the Veterans Administration.

Notice that we're not talking here about the full range of coal's infamous "externalities," i.e. the numerous sorts of damages that mining and burning coal inflict on human health and the natural environment. We're only interested, for purposes of this analysis, in estimating those impacts that are specifically fiscal. The idea is to show that a Cash for Clunkers program would be revenue neutral or even revenue positive, paying for itself through increased federal taxes and reduced federal expenditures.

Even a quick survey shows that there are at least 20 major types of externalities caused by coal mining and combustion, including climate change, heavy metals, flooding, fine particulates, acid deposition, thermal pollution, smog, ozone, radioactive releases, methane, land subsidence, stream destruction, acid runoff, and the zombie stares of coal barons, among others. Unfortunately, for most of these the specific information we need on fiscal impact is hard to nail down. Global warming, for example, is surely the worst of the coal-related externalities, and the general magnitude of the problem is suggested by a 2008 NRDC study estimating that climate-related losses to the U.S. economy could be running at \$271 billion annually by 2025. Still, it's not easy to translate that looming disaster into current fiscal impact. Another serious externality is mercury, with one 2005 study estimating 316,588 to 637,233 babies born each year with umbilical cord blood mercury levels greater than 5.8 micrograms per liter, an amount associated with loss of IQ. Power plants are the leading cause of the problem, but again, how do you measure the fiscal impact of small amounts of brain damage spread across an entire generation of children?

Of all the externalities associated with coal, the most carefully studied and monetized is the elevated mortality and morbidity caused by ultra-fine particulates. According to a 2009 study of

deaths due to coal emissions, led by Jonathan Levy of Harvard's School of Public Health, the ultra-fine particulates from 414 of the highest-emitting coal plants cause about 30,000 deaths each year. While the Harvard study did not specify the reduced lifespan associated with each death, that number has been estimated elsewhere to be 14 years.

Remember, for purposes of justifying the expense of a Cash for Clunkers program, we're not actually interested in the full value of those deaths (a 2009 National Research Council study suggested \$58 billion), but rather in the more limited question of impact to the federal treasury. Such a figure can be derived using a methodology developed by groups such as the Campaign for Tobacco-Free Kids [PDF], the Centers for Disease Control, and the American Academy of Actuaries. To arrive at the lost federal tax revenue attributable to coal's health effects, we multiply the following: deaths (30,000), reduced life per death (14 years), U.S. per capita GDP (\$46,400), the average all-inclusive federal tax rate (30 percent), and the estimated remaining life of each coal plant (30 years). This yields \$175 billion in lost federal revenues.

In addition to increased mortality, particulate emissions also result in increased morbidity. According to a 2009 National Research Council study, that increased morbidity produces \$3.72 billion annually in health costs. Assuming (in keeping with tobacco studies) that two-thirds of those costs are ultimately borne by federal programs, the impact of this morbidity on the federal budget is \$74 billion over the same 30-year period.

So even though the science and economics needed to estimate the price tag for all 20 or more coal-related externalities remains incomplete, the federal fiscal impacts of fine particulates alone (\$175 billion plus \$74 billion, or \$249 billion) provide a sufficient basis for a substantial federal financial incentive aimed at accelerating the retirement of aging plants. Of course, as more sophisticated data on the fiscal impacts of other externalities arrive, the size of the credit that can be justified from a revenue-neutral standpoint can be increased, no doubt substantially.

How do we do it?

How might a Cash for Clunkers incentive be structured? In terms of dovetailing an incentive into the mix of policy vehicles, it is perhaps easier to use tax credits than outright payments. By using a tax credit, we can match coal plant retirement credits on a dollar-for-dollar basis to the production tax credits provided for renewable facilities under the American Recovery and Reinvestment Act of 2009 and the Emergency Economic Stabilization Act of 2008. That will

ensure that credits from retiring old coal plants aren't simply used to finance new coal plants, but instead are used to finance a clean energy transition.

In terms of the amount of money that would make a difference, a 2010 study [PDF] of the economics of retiring the Navajo Generating Station in Arizona provides some hints. According to the study, the gap between the cost of providing power from a mixture of conservation and renewable sources was 2.3 cents per kWh more than the cost of continuing to operate the plant. Of course, that differential will narrow considerably when a plant like Navajo faces a \$500 million scrubber mandate. This makes a Credits for Clunkers program a good complement to a scrubber-oriented program like the proposed Clean Air Transport Rule. Together, the two can deal a one-two punch to a plant like Navajo, and the resulting revenues from the clunker credit will help solve the workforce transition issues involved in closing any large coal plant.

If we apply the economics of the Navajo Generating Station to the coal fleet as a whole, the basic conclusion is that a fiscally affordable Credits for Coal Clunkers program will dramatically increase the current estimate that about a sixth of the coal fleet will be retired within the next five to 10 years. That makes the program a win-win that will aid the climate while addressing the full spectrum of coal-related externalities. Since the program would be designed to be revenue neutral, there would be no need either to raise taxes or to increase federal indebtedness. From a political perspective, eliminating the need for tax increases defuses the ideological resistance that has bedeviled both cap-and-trade and carbon tax proposals. And since a Credits for Clunkers program would specifically aid the regions, power companies, and industries most heavily attached to coal, both regional and sectoral objections would be nullified.

If this all sounds too easy, maybe we should wonder whether we've been looking at the problem of coal through the wrong lens. Rather than focusing on how difficult it is to retire hundreds of entrenched coal plants, perhaps we should be looking at the transition away from coal from a historical perspective -- as nothing more than the sort of infrastructure modernization that industrial countries experience on a regular basis. In that sense, retiring old coal plants over a 20-year period is not much different in nature than the decisions to build a transcontinental railway system, an interstate highway system, a space program, a network of federally subsidized hydroelectric projects, or an archipelago of jet-capable airports. In all those cases, the public as a whole stood to benefit from better infrastructure, and the broad gain in public welfare provided the basis for the fiscal involvement of the federal government. Looking at the problem in this way, we can see that a federal subsidy in the form of tax credits to retire old coal plants is well justified economically and is an appropriate federal role.

Perhaps most importantly, a Credits for Clunkers approach cuts the Gordian knots that have stymied the clean energy transition: first, the differential impacts of the transition on regions, power companies, and industrial sectors; second, the anti-tax ideologies that have made the politics of both cap-and-trade and carbon fees seemingly intractable at the federal level.

For all these reasons, a Credits for Coal Clunkers program is well worth exploring.

BROADCAST COVERAGE

1. Action News At 11 AM

KTNV-TV (ABC) CH 13, Las Vegas | DMA: 42

08/31/2010, 11:00 AM - 12:00 PM

[CC] 00:33:47 Dignitaries, entrepreneurs, and environmental experts will be in the valley next week for the National Clean **Energy** Summit 3.0. The summit starts a week from today. This is file video of past summits. Senate Majority Leader Harry Reid will host this year's event again. A number of topics will be discussed, including ways to create renewable **energy** jobs in Nevada and across the country. The list of guests includes Texas **oil** tycoon **T. BoonePickens**.00:35:14

Audience: 20,852 Spot Cost: \$263

2. Market Call Tonight

Business News Network, National Canada | DMA: 950

08/31/2010, 11:00 PM - 12:00 AM

[CC] 00:14:07 Mark: Bob in Burlington, Ontario, wants to talk about natural gas. Hi, Bob.
Caller: hi, gentlemen. Recently **T.BoonePickens** stated that legislation supporting **natural gas** as the future **fuel** to be used by the trucking industry in the U.S. is about to be passed by Congress. What are your long and short-term views on this proposed development on the **oil** and **natural gas** prices? John Stephenson: **Pickensa** very colorful guy. He was a corporate raider. I met him years ago at a conference in Dallas. And then he was I think in his mid 70's. Mark: is that when you were with Enron? John Stephenson: That was actually after. Some time ago. A very colorful guy. He's talking up his book in my view. He owns a lot of gas properties and land for wind farm development. Theoretically you can't argue with what he's saying. Gas is a cheaper commodity, natural gas is a cheaper commodity than oil. It does make sense. I don't see any reason other than the handling of the gas issue. But the reality is you need the whole infrastructure to do it. Solar cars exist, but movie stars are the only people driving them because they're so expensive and they don't make practical sense with fuel cells and other things. You know, I think this is something to watch. I think it's something that would make sense long-term. We do seem to have a lot of natural gas. It's going to be decades in the making before we're off gasoline and on to natural gas. I think we've got time yet. Mark: right. So to actually picture all trucks in America say for example, running on natural gas, that's decades away? John Stephenson: I think so.00:16:40

Audience: N/A Spot Cost: N/A

3. Market Call Tonight

Business News Network, National Canada | DMA: 950

08/31/2010, 07:00 PM - 08:00 PM

[CC] 00:14:45 Mark: Bob in Burlington, Ontario, wants to talk about natural gas. Hi, Bob.

Caller: hi, gentlemen. Recently **T.BoonePickens** stated that legislation supporting **natural gas** as the future **fuel** to be used by the trucking industry in the U.S. is about to be passed by Congress.

What are your long and short-term views on this proposed development on the **oil** and **natural gas** prices? John Stephenson: **Pickens** a very colorful guy. He was a corporate raider. I met him years ago at a conference in Dallas. And then he was I think in his mid 70's. Mark: is that when you were with Enron? John Stephenson: That was actually after. Some time ago. A very colorful guy. He's talking up his book in my view. He owns a lot of gas properties and land for wind farm development. Theoretically you can't argue with what he's saying. Gas is a cheaper commodity, natural gas is a cheaper commodity than oil. It does make sense. I don't see any reason other than the handling of the gas issue. But the reality is you need the whole infrastructure to do it. Solar cars exist, but movie stars are the only people driving them because they're so expensive and they don't make practical sense with fuel cells and other things. You know, I think this is something to watch. I think it's something that would make sense long-term. We do seem to have a lot of natural gas. It's going to be decades in the making before we're off gasoline and on to natural gas. I think we've got time yet. Mark: right. So to actually picture all trucks in America say for example, running on natural gas, that's decades away? John Stephenson: I think so.00:15:54

Audience: N/A **Spot Cost:** N/A