



## Pump It

Student Handout #2: **John McCain, “The Lexington Project”**



Our nation's future security and prosperity depends on the next President making the hard choices that will break our nation's strategic dependence on foreign sources of energy and will ensure our economic prosperity by meeting tomorrow's demands for a clean portfolio. John McCain has made the necessary choices - producing more power, pushing technology to help free our transportation sector from its use of foreign oil, cleaning up our air and addressing climate change, and ensuring that Americans have dependable energy sources. John McCain will lead the effort to develop advanced transportation technologies and alternative fuels to promote energy independence and cut off the flow of oil wealth to repressive dictatorships like Iran.

"In recent days I have set before the American people an energy plan, **the Lexington Project -- named for the town where Americans asserted their independence once before**. And let it begin today with this commitment: In a world of hostile and unstable suppliers of oil, this nation will achieve strategic independence by 2025."

*John McCain, June 25, 2008*

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## Expanding Domestic Oil And Natural Gas Exploration And Production

### **John McCain Will Commit Our Country To Expanding Domestic Oil Exploration.**

The current federal moratorium on drilling in the Outer Continental Shelf stands in the way of energy exploration and production. John McCain believes it is time for the federal government to lift these restrictions and to put our own reserves to use. There is no easier or more direct way to prove to the world that we will no longer be subject to the whims of others than to expand our production capabilities. We have trillions of dollars worth of oil and gas reserves in the U.S. at a time we are exporting hundreds of billions of dollars a year overseas to buy energy. This is the largest transfer of wealth in the history of mankind. We should keep more of our dollars here in the U.S., lessen our

foreign dependency, increase our domestic supplies, and reduce our trade deficit - 41% of which is due to oil imports. John McCain proposes to cooperate with the states and the Department of Defense in the decisions to develop these resources.

**John McCain Believes In Promoting And Expanding The Use Of Our Domestic Supplies Of Natural Gas.** When people are hurting, and struggling to afford gasoline, food, and other necessities, common sense requires that we draw upon America's own vast reserves of oil and natural gas. Within the United States we have tremendous reserves of natural gas. The Outer Continental Shelf alone contains 77 trillion cubic feet of recoverable natural gas. It is time that we capitalize on these significant resources and build the infrastructure needed to transport this important component of electricity generation and transportation fuel around the country.

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Taking Action Now To Break Our Dependency On Foreign Oil By Reforming Our Transportation Sector

**The Nation Cannot Reduce Its Dependency On Oil Unless We Change How We Power Our Transportation Sector.**

**John McCain's Clean Car Challenge.** John McCain will issue a Clean Car Challenge to the automakers of America, in the form of a single and substantial tax credit for the consumer based on the reduction of carbon emissions. He will commit a \$5,000 tax credit for each and every customer who buys a zero carbon emission t car, encouraging automakers to be first on the market with these cars in order to capitalize on the consumer incentives. For other vehicles, a graduated tax credit will apply so that the lower the carbon emissions, the higher the tax credit.

**John McCain Will Propose A \$300 Million Prize To Improve Battery Technology For Full Commercial Development Of Plug-In Hybrid And Fully Electric Automobiles.** A \$300 million prize should be awarded for the development of a battery package that has the size, capacity, cost and power to leapfrog the commercially available plug-in hybrids or electric cars. That battery should deliver a power source at 30 percent of the current costs. At \$300 million, the prize is one dollar for every man, woman and child in this country - and a small price to pay for breaking our dependence on oil.

**John McCain Supports Flex-Fuel Vehicles (FFVs) And Believes They Should Play A Greater Role In Our Transportation Sector.** In just three years, Brazil went from new cars sales that were about 5 percent FFVs to over 70 percent of new vehicles that were FFVs. American automakers have committed to make 50 percent of their cars FFVs by 2012. John McCain calls on automakers to make a more rapid and complete switch to FFVs.

**John McCain Believes Alcohol-Based Fuels Hold Great Promise As Both An Alternative To Gasoline And As A Means of Expanding Consumers' Choices.**

Some choices such as ethanol are on the market right now. The second generation of alcohol-based fuels like cellulosic ethanol, which won't compete with food crops, are showing great potential.

**Today, Isolationist Tariffs And Wasteful Special Interest Subsidies Are Not Moving Us Toward An Energy Solution.** We need to level the playing field and eliminate mandates, subsidies, tariffs and price supports that focus exclusively on corn-based ethanol and prevent the development of market-based solutions which would provide us with better options for our fuel needs.

**John McCain Will Effectively Enforce Existing CAFE Standards.** John McCain has long supported CAFE standards - the mileage requirements that automobile manufacturers' cars must meet. Some carmakers ignore these standards, pay a small financial penalty, and add it to the price of their cars. John McCain believes that the penalties for not following these standards must be effective enough to compel all carmakers to produce fuel-efficient vehicles.

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## Investing In Clean, Alternative Sources Of Energy

**John McCain Believes That The U.S. Must Become A Leader In A New International Green Economy.** Green jobs and green technology will be vital to our economic future. There is no reason that the U.S. should not be a leader in developing and deploying these new technologies.

**John McCain Will Commit \$2 Billion Annually To Advancing Clean Coal Technologies.** Coal produces the majority of our electricity today. Some believe that marketing viable clean coal technologies could be over 15 years away. John McCain believes that this is too long to wait, and we need to commit significant federal resources to the science, research and development that advance this critical technology. Once commercialized, the U.S. can then export these technologies to countries like China that are committed to using their coal - creating new American jobs and allowing the U.S. to play a greater role in the international green economy.

**John McCain Will Put His Administration On Track To Construct 45 New Nuclear Power Plants By 2030 With The Ultimate Goal Of Eventually Constructing 100 New Plants.** Nuclear power is a proven, zero-emission source of energy, and it is time we recommit to advancing our use of nuclear power. Currently, nuclear power produces 20% of our power, but the U.S. has not started construction on a new nuclear power plant in over 30 years. China, India and Russia have goals of building a combined total of over 100 new plants and we should be able to do the same. It is also critical that the U.S. be able to build the components for these plants and reactors within our country so

that we are not dependent on foreign suppliers with long wait times to move forward with our nuclear plans.

**John McCain Will Establish A Permanent Tax Credit Equal To 10 Percent Of Wages Spent On R&D.** This reform will simplify the tax code, reward activity in the U.S., and make us more competitive with other countries. A permanent credit will provide an incentive to innovate and remove uncertainty. At a time when our companies need to be more competitive, we need to provide a permanent incentive to innovate, and remove the uncertainty now hanging over businesses as they make R&D investment decisions.

**John McCain Will Encourage The Market For Alternative, Low Carbon Fuels Such As Wind, Hydro And Solar Power.** According to the Department of Energy, wind could provide as much as one-fifth of electricity by 2030. The U.S. solar energy industry continued its double-digit annual growth rate in 2006. To develop these and other sources of renewable energy will require that we rationalize the current patchwork of temporary tax credits that provide commercial feasibility. John McCain believes in an even-handed system of tax credits that will remain in place until the market transforms sufficiently to the point where renewable energy no longer merits the taxpayers' dollars.

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Protecting Our Environment And Addressing Climate Change: A Sound Energy Strategy Must Include A Solid Environmental Foundation

**John McCain Proposes A Cap-And-Trade System That Would Set Limits On Greenhouse Gas Emissions While Encouraging The Development Of Low-Cost Compliance Options.** A climate cap-and-trade mechanism 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 program of the early 1990s. The key feature of this mechanism is that it allows the market to decide and encourage the lowest-cost compliance options.

**How Does A Cap-And-Trade System Work?** A cap-and-trade system harnesses human ingenuity in the pursuit of alternatives to carbon-based fuels. Market participants are allotted total permits equal to the cap on greenhouse gas emissions. If they can invent, improve, or acquire a way to reduce their emissions, they can sell their extra permits for cash. The profit motive will coordinate the efforts of venture capitalists, corporate planners, entrepreneurs, and environmentalists on the common motive of reducing emissions.

**Greenhouse Gas Emission Targets And Timetables:**

**2012: Return Emissions To 2005 Levels (18 Percent Above 1990 Levels)**  
**2020: Return Emissions To 1990 Levels (15 Percent Below 2005 Levels)**

**2030: 22 Percent Below 1990 Levels (34 Percent Below 2005 Levels)**  
**2050: 60 Percent Below 1990 Levels (66 Percent Below 2005 Levels)**

**The Cap-And-Trade System Would Allow For The Gradual Reduction Of Emissions.** The cap-and-trade system would encompass electric power, transportation fuels, commercial business, and industrial business - sectors responsible for just under 90 percent of all emissions. Small businesses would be exempt. Initially, participants would be allowed to either make their own GHG reductions or purchase "offsets" - financial instruments representing a reduction, avoidance, or sequestration of greenhouse gas emissions practiced by other activities, such as agriculture - to cover 100 percent of their required reductions. Offsets would only be available through a program dedicated to ensure that all offset GHG emission reductions are real, measured and verifiable. The fraction of GHG emission reductions permitted via offsets would decline over time.

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## Promoting Energy Efficiency

**John McCain Will Make Greening The Federal Government A Priority Of His Administration.** The federal government is the largest electricity consumer on earth and occupies 3.3 billion square feet of space worldwide. It provides an enormous opportunity to lead by example. By applying a higher efficiency standard to new buildings leased or purchased or retrofitting existing buildings, we can save taxpayers substantial money in energy costs, and move the construction market in the direction of green technology.

**John McCain Will Move The United States Toward Electricity Grid And Metering Improvements To Save Energy.** John McCain will work to reduce red tape to allow a serious investment to upgrade our national grid to meet the demands of the 21st century - which will include a capacity to charge the electric cars that will one day fill the roads and highways of America. And to save both money and electrical power for our people and businesses, we will also need to deploy SmartMeter technologies. These new meters give customers a more precise picture of their overall energy consumption, and over time will encourage a more cost-efficient use of power.

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## Addressing Speculative Pricing Of Oil

**John McCain Believes We Must Understand The Role Speculation Is Playing In Our Soaring Energy Prices.** Congress already has investigations underway to examine this kind of wagering in our energy markets, unrelated to any kind of productive commerce, because it can distort the market, drive prices beyond rational limits, and put the investments and pensions of millions of Americans at risk. John McCain believes

that where we find abuses, they need to be swiftly punished. To make sure it never happens again, we must reform the laws and regulations governing the oil futures market, so that they are just as clear and effective as the rules applied to stocks, bonds, and other financial instruments.

**John McCain Does Not Support A Windfall Profits Tax.** A windfall profits tax on the oil companies will ultimately result in increasing our dependence on foreign oil and hinder investment in domestic exploration. Jimmy Carter put a windfall profits tax in to place with little to no useful results.

Source: <http://www.johnmccain.com//Informing/Issues/17671aa4-2fe8-4008-859f-0ef1468e96f4.htm#1>