

# **Rick Noriega: Bold Solutions for a Better Future: Energy Self-Sufficiency Now**



**Jobs – Economy  
Conservation – National Security**

Texas families are facing tough times due to skyrocketing energy costs. Gasoline is rising at more than \$4 a gallon and global supply is not keeping up with demand. <sup>i</sup> As recently noted by prominent Texas oilman T. Boone Pickens, in 1970, the U.S. imported 24% of our oil; by 1990, the total had crept to 42%; at present, we import nearly 70% of our oil.<sup>ii</sup> This is bad for America and a lost opportunity for Texas. Our dependence on foreign oil is a drag on our economy that Texas families feel everyday be it at the grocery store or the gas pump. And as a military man, I know the current situation is a hindrance to our national security. We cannot remain dependent for our energy needs on the most unstable parts of the world and win the global war on terrorism. We need to be able to face the world from a position of economic strength as well as military might and our economic future depends on us answering the critical energy question.

Too often, the problems of rising gasoline prices and shrinking oil supplies receive a politically motivated response in Washington. Too often talk masquerades as leadership. Too often partisanship replaces policy. You're either for clean renewable energy research or for more oil exploration. The Rick Noriega energy plan rejects this either/or approach and calls for real leadership.

**The Noriega plan  
calls for Texas  
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from renewable  
sources by 2019.**

To get out of our current mess, we need all options on the table – we need to both find new sources of oil and invest heavily in new technologies and new energy sources. Our current problems demand practical solutions, long-term thinking and a comprehensive plan that attacks the problem from all sides. Texas leads the U.S. in both fossil fuel reserves and in renewable energy potential and deserves an energy policy that takes both factors into account.

**The Rick Noriega energy plan is designed with the knowledge that our current energy predicament is both a short-term crisis and a long-term opportunity for Texas. The Noriega plan will:**

- 1. Provide Immediate Relief for Texas Families;**
- 2. Build the Road to Texas and American Energy Self-Sufficiency; and**
- 3. Develop a Sustainable Energy and Economic Future.**

100% in 10: The most notable part of the Noriega plan is the call for Texas household electricity usage to be 100% from renewable sources by 2019 – 10 years after Rick Noriega will take office. In other words, my plan calls for Texas to be able to produce enough kilowatts of electricity from renewable sources to power every household in Texas within 10 years. Is this an extremely bold goal? Yes. Can Texas do it? Absolutely!

The Noriega plan, and 100% in 10, will create new jobs, strengthen the economy, preserve our state's natural resources, and improve our national security. The plan will also reestablish Texas as the world leader in energy innovation and production.

# The Noriega Energy Plan

- Protect Consumers from Price Gouging.
- End Market Price Speculation.
- Maximize Output from Current Oil Fields.
- Lift the Ban on Offshore Drilling.

## I. PROVIDE IMMEDIATE RELIEF FOR TEXAS FAMILIES

*“Power costs are rising in the rest of the U.S., but everything is bigger in Texas: On a hot day in May, wholesale prices [of electricity] briefly rose to more than \$4 a kilowatt hour – about 40 times the national average.”<sup>iii</sup>*

Across Texas, families are struggling with energy costs and the strain it places on their pocketbooks. In Houston, a gallon of gasoline cost \$2.85 in mid-July 2007. One year later, that gallon costs \$3.96 – a 39% jump. The story is the same throughout the state. Dallas and San Antonio families have seen a 38% increase in gasoline prices since last July; Austin and El Paso, a 37% and 29% increase respectively. Families in Amarillo have seen “only” a 23% jump – yet the price of a gallon of gasoline in the Panhandle is nonetheless poised to cross \$4.00 for the first time.<sup>iv</sup>

The spike in worldwide demand for oil, in part fueled by the increased demand in countries such as China and India, has sent prices soaring to levels nearly five times as expensive as we paid five years ago.<sup>v</sup> Unfortunately, those increased prices are no longer benefiting Texas industries or families like they did a generation ago. According to Stephen Brown, an economist at the Federal Reserve Bank in Dallas, every cent increase in gasoline prices means Americans pay \$1.42 billion more a year for gasoline, with nearly two-thirds of that amount going to foreign producers.<sup>vi</sup> Additionally, families are paying unprecedented amounts for electricity. Dan Jones of the Texas Public Utility Commission recently estimated that Texas “could end up doubling last year’s power prices.”<sup>vii</sup>

Unfortunately, Texas’ energy needs – like those across the country – will continue to grow as its population is expected to expand. The Noriega energy plan is designed with Texas families in mind – not Big Oil and the other special interests and speculators that have dominated energy policymaking for too long.

The following components of the plan will begin to provide relief for Texas families while we simultaneously invest in a comprehensive strategy for the future. The Noriega energy plan will:

**Protect Consumers from Price Gouging.** Consumers must be protected from artificially created spikes in gasoline and other energy prices. The Noriega plan will strengthen the enforcement authority of the Federal Trade Commission to investigate and punish those who artificially inflate fuel prices and would subject OPEC to American antitrust laws.

**End Market Price Speculation.** Market manipulation pushes oil prices higher than they should be. Some experts have testified that speculation is adding as much as \$40 to the price of a barrel of crude oil. Notable energy expert Daniel Yergin recently stated that “financial markets are today playing an increasingly important role in price formation - responding to, accentuating, and exaggerating supply and demand, geopolitics and other trends.”<sup>viii</sup>

The Noriega plan will curb excessive speculation in the energy futures markets, including preventing traders of U.S. crude oil from routing transactions through off-shore markets to evade speculative limits, setting reporting requirements, and requiring the CFTC to set a substantial increase in the margin requirement for all oil futures trades, contracts or transactions.

**Maximize Output from Current Oil Fields.** Currently, three-quarters of the 90 million-plus acres of federal land being leased by the oil companies onshore and off are not being used to produce energy, among them potentially highly productive leases in the Gulf of Mexico and Alaska. As Oppenheimer analyst Fadel Gheit said, “Oil companies should finish what's on their plate before they go back in line.”<sup>ix</sup> The Noriega plan will require oil companies to drill or give up the leases they hold on 68 million acres of undeveloped federal land.

**Lift the Ban on Offshore Drilling.** Rick Noriega believes that we cannot drill ourselves out of our current problems but recognizes that we must attack our energy problem from all angles – which includes allowing offshore drilling as long as that oil is required to be used in the United States, not exported overseas. The Noriega plan will encourage states to decide for themselves on their drilling plans and will support lifting the congressional ban on offshore exploration.

## II. BUILD THE ROAD TO TEXAS AND AMERICAN ENERGY SELF-SUFFICIENCY

*“Often, the cheapest power to produce – say from wind farms in West Texas – can’t reach the buyers that might need it most, such as office buildings in Houston. That’s because the grid – like a poorly designed freeway – doesn’t have enough capacity to move power easily around the state.”<sup>x</sup>*

Texas has always been a world energy leader. Currently, the state leads the nation in energy production and consumption – accounting for approximately 12% of total U.S. energy usage and approximately 16% of energy production.<sup>xi</sup>

While about 90% of the energy Texas presently produces is from non-renewable sources – such as oil, natural gas, and coal – we are blessed with the natural resources to become a leader in the production and use of alternative energy and to improve the percentage of renewable energy that we produce.<sup>xii</sup> In 2007, nearly \$3 billion worth of wind powered electric generators were installed in Texas – twice as much as in any other state.<sup>xiii</sup> Similarly, the state’s solar power and biomass potential are among the highest in the country.<sup>xiv</sup> Additionally, the state’s world-class collection of research universities offers the possibility for technological breakthroughs related to hydrogen fuel cells and other potential renewable sources.

The recent announcement of a new, \$5 billion plan to boost wind transmission capacity is a big step in the right direction. This will provide an additional 18 thousand megawatts of wind power from wind-rich West Texas and the Panhandle to the rest of the state – enough to power almost 4 million homes at peak capacity.<sup>xv</sup> However, less wind power is generated during the summer compared to the rest of the year – yet summer months are the peak months for energy use.

As a result, the Noriega plan views wind power as one component of a renewable future – not a cure-all. The following components of the plan highlight the renewable research and infrastructure development needed to establish a more balanced and self-sufficient energy future. The Noriega energy plan will:

**End Big Oil Tax Cuts to Encourage Renewable Innovation.** The Noriega plan will end tax cuts for Big Oil and shift that revenue towards critical research and development endeavors. This would

# The Noriega Energy Plan

- End Big Oil Tax Cuts to Encourage Renewable Innovation
- Set a National Renewable Portfolio Standard.
- Set a National Renewable Fuels Standard.
- Invest in Increasing the Availability of Alternative Fuels.
- Realize that It’s the Grid, Stupid.
- Prioritize R&D to Make Texas a World Leader in Safer Nuclear and Clean Coal Technologies.

allow for an investment of \$17 billion over 10 years. Last year, according to analysis from Rice University's James A. Baker III Institute for Public Policy, the five largest oil companies directed 55% percent of the cash they made into stock buybacks and dividends, up from 1% in 1993, while "the percentage they spend to find new deposits of fossil fuels has remained flat for years, in the mid-single digits."<sup>xvi</sup>

Instead of tax breaks directed at Big Oil, our energy resources are better directed at encouraging renewable entrepreneurs, whose innovation and technological breakthroughs will help lead us to energy self-sufficiency.

**Set a National Renewable Portfolio Standard.** The Noriega plan recognizes that in order to reduce our dependence on foreign oil, both supply and demand must be addressed. Nationally, Rick Noriega supports requiring 20% of the country's electricity to come from clean, renewable sources like wind, solar, hydrogen, and biomass by 2020. The requirement will be met through a flexible market-based approach that allows electricity providers to generate it themselves, obtain it from other companies, or purchase credits from providers who exceed the standard.

Adopting national renewable standards would pay economic dividends for Texas. According to a study by the Union of Concerned Scientists, a national mandate that 20% of the country's electricity be produced by renewable sources by 2020 would generate nearly 50,000 jobs in Texas.<sup>xvii</sup>

**Set a National Renewable Fuels Standard.** The transition from a fossil fuel dominated economy to a more sustainable and balanced energy future requires new sources of energy for the transportation sector. While requiring that a percentage of our nation's fuel supply be provided by renewable fuels such as ethanol and biofuels, the Noriega plan will also promote the development of advanced vehicles, such as plug-in hybrids. As we transition away from our current energy crisis, gas stations across the country should be required to have alternative fuel pumps. Rick Noriega also supports increasing the role that natural gas plays in the transportation sector – especially as a bridge fuel that buys us valuable R&D time in the transition from our current situation to a future that relies heavier on renewable sources.

**Invest in Increasing the Availability of Alternative Fuels.** Rick Noriega believes Texas, and our nation, must have a diverse energy portfolio that includes wind, solar, hydrogen, and biomass as well as oil, natural gas, coal, and nuclear. As a Senator, Noriega will provide direct R&D funding and new tax incentives for research into clean energy technologies. Tax credits will be provided to producers of renewable energy, whether it is a large company investing in the development of alternative fuels or a farmer or homeowner who wants to produce renewable energy on their land. He supports extending the federal production tax credit for wind power, which is scheduled to expire at the end of 2008. To encourage additional wind development, the Noriega plan will also look to include small wind systems, appropriate for powering homes and small businesses, into the wind tax credit.

Additionally, Rick Noriega will work to ensure that Texas' workers have the skills they need to work with new technologies and aren't left behind. He will make sure green collar workers are trained by investing in job training and transition programs to help workers and industries adapt to new technologies. And the Noriega plan will utilize Texas' world-class universities and colleges as dynamic research and training centers.

**Realize that It's the Grid, Stupid.** Texas is the U.S. leader in wind power development and has the natural resources necessary to become a leader in solar, biofuels, hydrogen, and other alternatives. Politicians in Washington like to talk about renewable energy while ignoring the fact it doesn't matter how much wind or solar power you generate if you can't get that power to the people who need it. We have an energy infrastructure problem in the United States as much as we have an energy production problem. The Noriega plan recognizes that it is critical to invest in the infrastructure needed to carry alternative energy from where it is produced to high population areas. Currently, the biggest obstacle in Texas to effective use of wind energy is the lack of transmission lines to carry the power where it's needed. As noted earlier, the July 2008 announcement of the Texas \$5 billion plan to boost wind transmission capacity is a massive step in the right direction and towards Texas reclaiming its rightful place as the world's energy innovation leader. However, much more needs to be done nationally to encourage other states to follow Texas's lead. As Texas Public Utility Commissioner Paul Hudson stated, "we will add more wind than the 14 states following Texas combined."<sup>xviii</sup>

Nationally, Rick Noriega supports the establishment of national renewable energy zones to provide additional financing options to ensure that new transmission lines can be built and areas rich with renewable energy resources can be connected to the grid.

**Prioritize R&D to Make Texas a World Leader in Safer Nuclear and Clean Coal Technologies.** At present, there are downsides to both nuclear and coal playing a major role in our energy future. Nuclear energy, while cheap and lacking greenhouse emissions, still worries many due to storage of radioactive waste concerns. Coal, while relatively cheap and plentiful, is still a major polluter.

Currently, Texas is a major nuclear power generating state with its two nuclear plants – Comanche Peak and South Texas Project – accounting for about one-tenth of the state's electric power production.<sup>xix</sup> Noriega recognizes that in this time of crisis, all energy options need to be on the table but he believes that before any decision on nuclear power plants can be made, there must be safety protections put in place, including laws addressing public right to know, security, waste storage and proliferation issues. This is yet another area of our energy future where we simply must stop all the talk and start actually trying to address the problems. We have the best R&D scientists in the world, let's put them to work.

Texas' coal fired power plants are a major reason Texas leads the country in carbon dioxide emissions leading to global warming. This has to change. Noriega will work for investments in clean coal technologies and supports setting restrictions on carbon emissions.

# The Noriega Energy Plan

- Increase Corporate Average Fuel Economy (CAFE) Standards.
- Require the Federal Government to Be Energy Efficient.
- Provide Incentives for Consumers and Small Businesses to be Energy Efficient.
- Implement a Market-Based Cap and Trade Program.
- Establish a National Energy Secretary Office in Texas.

## III. DEVELOP A SUSTAINABLE ENERGY AND ECONOMIC FUTURE

*“Our economic engine is now 70% dependent on the energy resources of other countries, their good judgment, and most importantly, their good will toward us. Foreign oil is at the intersection of America’s three most important issues: the economy, the environment, and our national security. We need an energy plan that maps out how we’re going to work our way out of this mess.”<sup>xx</sup>*

While engaged in renewable research and development, we also must prioritize altering our existing behavior and consumption habits. This is especially true given the time lag before our renewable research and transmission grid improvements bear fruit.

As the Texas State Energy Conservation Office has found, it takes about a year to build and make a wind farm operational in our state, but it takes five years to build the transmission lines needed distribute that power throughout the state.

At the heart of the Noriega energy plan is the effort to use renewable sources for our electricity needs. The plan also seeks to encourage Texas and the rest of the nation to wean ourselves off fossil fuels for transportation over time. Additionally, the plan seeks to encourage efforts to increase our energy efficiency and conserve existing energy resources – developments which will result in economic and ecological benefits. The Noriega energy plan will:

### **Increase Corporate Average Fuel Economy (CAFE)**

**Standards.** The Noriega plan will raise fleet-wide fuel economy standards to 50 mpg by 2020 – double their current total. Mileage requirements should be set according to vehicle size and manufacturers should have different efficiency targets based on their fleet mix of different-sized cars and light trucks. This is ambitious and aggressive and will no doubt elicit howls from the Big 3 auto makers. But the time for tough love for Detroit is now; we must save them from themselves. As we have watched gasoline prices double and then triple the last decade, it seems like Detroit automakers still act like oil is at \$40 a barrel, not \$140. We can, we should and we must do better and we have to change to mind set of the American car manufacturer today.

**Require the Federal Government to Be Energy Efficient.** Noriega recognizes that any change should start with those that are imposing it. He would require the federal government to purchase 10% renewable electricity by 2010 and increase federal building energy efficiency. He will require that new government vehicles, except for emergency vehicles used by law enforcement and firefighters, be more fuel efficient.

**Provide Incentives for Consumers and Small Businesses to be Energy Efficient.** Noriega believes tough efficiency standards should be put in place for new buildings and appliances. He will work to make it easier for Texans to conserve energy and save money by providing tax incentives for energy-efficient buildings and homes, helping manufacturers update to clean technology, and working with utilities to provide “smart meters” to consumers so they can make informed decisions about their energy use.

**Implement a Market-Based Cap and Trade Program.** Noriega supports the creation of a market-based cap and trade program that will reduce carbon emissions while generating funds that can be invested in renewable energy development and energy efficiency technology.

**Establish a National Energy Secretary Office in Texas.** In order to capitalize and take full advantage of the state’s leadership and potential on energy issues, Rick Noriega will push for a National Energy Secretary Office in Texas. This office would help coordinate state R&D and implementation efforts around renewable energy and would help ensure that Texas remains at the forefront of national and global energy innovation.

## CONCLUSION

Texas has always led the way when it comes to energy production. And we will lead again in the 21<sup>st</sup> Century; except it will no longer be with “black gold” but with “green gold.” The Noriega energy plan is centered on the belief that Texas can become a world leader in renewable energy – creating jobs, strengthening the state’s economy, and providing a more sustainable future for our state’s natural resources and our country’s national security.

However, there are immediate needs and pocketbook concerns that compel us to keep all options on the table. Whether through offshore oil exploration or continued research into clean coal, we do not know where the specific breakthroughs will be that will allow us to reclaim our own control over our energy future. We know that importing 70% of our energy needs from overseas is unsustainable and unsafe, my plan does something about it.

The Noriega plan’s 100% in 10 goal calls for Texas to meet 100% of our household electricity needs through renewable sources by 2019. Achieving this lofty goal will require a major effort on both the R&D and infrastructure sides of the equation.

However, if ideological opposites such as Al Gore and T. Boone Pickens can come to agreement on their own ambitious 10-year national goals, Texans can certainly achieve our own goal using our own grid. Besides, given recent investments in transmission upgrades and wind power, the state is already one step ahead of the competition.

**Texas will be the energy leader of the 21<sup>st</sup> Century; except it will no longer be with “black gold” but with “green gold”**

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<sup>i</sup> Price data from U.S. Energy Information Administration

<sup>ii</sup> T. Boone Pickens, “My Plan to Escape the Grip of Foreign Oil,” Wall Street Journal, July 9, 2008.

<sup>iii</sup> Rebecca Smith, “Deregulation Jolts Texas Electric Bills,” Wall Street Journal, July 17, 2008.

<sup>iv</sup> AAA’s Daily Fuel Gauge Report for Texas Metro Areas, Accessed July 18, 2008.

<sup>v</sup> New York Times, “Teeth Gritted, Drivers Adjust to \$4 Gasoline,” May 24, 2008.

<sup>vi</sup> New York Times, “Teeth Gritted, Drivers Adjust to \$4 Gasoline,” May 24, 2008.

<sup>vii</sup> Wall Street Journal, “Deregulation Jolts Texas Electric Bills,” July 17, 2008.

<sup>viii</sup> Daniel Yergin interview on CNN Money, 06/28/08

<sup>ix</sup> CNN Money, June 29, 2008.

<sup>x</sup> Wall Street Journal, “Deregulation Jolts Texas Electric Bills,” July 17, 2008.

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<sup>xi</sup> U.S. Energy Information Administration State by State Data Table, “Energy Production and Consumption”

<sup>xii</sup> Texas Comptroller’s Energy Report, 2008

<sup>xiii</sup> States News Service, June 2, 2008.

<sup>xiv</sup> U.S. Energy Information Administration, Texas Energy Overview.

<sup>xv</sup> Houston Chronicle, “Utility Panel Sees Plan Adding 18,456 Megawatts of Energy Capacity,” July 18, 2008.

<sup>xvi</sup> Associated Press, “Big Oil profits steered to investors,” July 22, 2008.

<sup>xvii</sup> Union of Concerned Scientists estimate, 2004.

<sup>xviii</sup> Associated Press, “Texas Approves Major New Wind Power Project,” July 17, 2008.

<sup>xix</sup> Fort Worth Star Telegram, “Texas May Lead Nuclear Power Surge,” May 15, 2008.

<sup>xx</sup> T. Boone Pickens, “My Plan to Escape the Grip of Foreign Oil,” Wall Street Journal, July 9, 2008.