

If you've missed the sound of a crowd shouting "Drill, Baby, Drill" you're in luck. That chant is back in vogue, as the general election heats up. The 2008-era slogan is shorthand for the Trump campaign's energy policy, but we know much more about current conservative thinking on the subject thanks to <u>Project 2025</u>, the 920-page transition plan for the next administration by policy strategists from the Heritage Foundation.

The right-wing approach to energy in this critical 2024 election is straightforward: The U.S. should prop up fossil fuels, constrain renewables wherever possible, and claw back the federal government's historic investments in clean energy, while reinvesting in nuclear energy and new nuclear weapons. Doing that, these conservatives write, would ensure that Americans have "abundant, affordable, and reliable energy; create good-paying jobs; support domestic manufacturing and technology leadership; and strengthen national security." That's the crux of Project 2025's energy chapter.

On their face, those goals—reliable energy, job creation, domestic manufacturing—are not much different from the Biden administration's own goals (and successes). Except for one biggie: the climate crisis. Not only is there an absence of *any* climate policy here, but the proposals are framed almost entirely as the antithesis of "extreme green policies." The relevant chapter of Project 2025 (<u>"The Department of Energy and Related Commissions," pg</u>

<u>363</u>) mentions climate change a dozen times and every reference comes in relation to reversing, or reforming, the current administration's focus on climate change. "A conservative president must be committed to unleashing all of America's energy resources and making the energy economy serve the American people, not special interests," it reads. The next Administration should "stop the war on oil and gas" and the "ideologically driven government policies [that] have thrust the United States into a new energy crisis."

It's tempting to stop here and dismiss this energy plan altogether, because we know the Biden administration has no more declared war on oil and gas than it has on Coca Cola. These are energy *vibes* not facts. The fact is that the U.S. has doubled its liquified natural gas (LNG) capacity in recent years and is set to double it again thanks to projects already in the pipeline. America is the world's #1 exporter of fossil gas partly thanks to policies of the Obama and Biden administrations. The recently announced pause on approving new LNG export facilities will not change that in the short term. And even though Biden is criticized on the right as making federal lands off limits to drilling, <u>oil and gas production from federal areas is up 12%</u>, surpassing that during Trump.

If one forges ahead to understand this vision for energy in a second Trump term, there are some surprising ideas, as well as troubling recommendations for the U.S. Department of Energy, the Federal Energy Regulatory Commission, and the Nuclear Regulatory Commission. A dozen contributors worked on these conservative energy policy proposals, but the chapter was written primarily by Bernard L. McNamee, an attorney for natural gas and electric utilities. McNamee served as a commissioner on the Federal Energy Regulatory Commission (FERC), nominated by Trump. He has ideas about what worked and what conservatives should do differently next time.

Here are four main pillars to the blueprint outlined by McNamee and others:

## **Constrain Clean Energy**

Many of these policy ideas boil down to erasing the "green subsidies" that are reshaping America's energy industries. The next administration must "support the repeal" of the Infrastructure Investment and Jobs Act (IIJA) and the Inflation Reduction Act (IRA), the two largest climate laws in American history. The authors describe these as providing hundreds of billions of dollars in subsidies to special interests that lead to "favoritism" and "cronyism."

Repealing the IRA and IIJA is easier said than done for several reasons, but the next

president could easily undermine them. The next president should "support the rescinding of all funds not already spent by these programs," the conservatives write. Ways of doing this include:

- Sunset DOE's loan authority through Congress and eventually eliminate the Loan Program Office and cease writing any new loans or loan guarantees.
- Eliminate the DOE Office of Clean Energy Demonstrations; the Office of State and Community Energy Programs; ARPA-E; Office of Grid Deployment (OGD) among others.
- Eliminate carbon capture utilization and storage (CCUS) programs.
- Eliminate energy efficiency standards for appliances.
- Pursue the processing of critical materials from fossil fuel waste products (primarily coal and abundant waste from coal mining and combustion).

Refocusing the DOE away from clean energy development and sabotaging programs that bankroll clean technologies would be a major setback for the energy transition. The DOE's \$400 Billion Loan Program Office is helping deploy renewable energy and advanced transportation technologies needed to reach the U.S. goal of decarbonizing the economy by 2050. Congressional Republicans are already trying to slow these loans, but a Trump DOE could simply turn the lights out.

Meanwhile, the idea of eliminating energy efficiency standards for appliances would be bad for consumers and reverse the momentum toward "electrifying everything." That said, it would be more symbolic than dramatic; it would have been more politically potent if the Biden administration was actually coming for your gas stove, but it's not. The DOE recently <u>finalized efficiency standards</u> that tinker around the edges to save consumers money on their utility bills and decrease harmful CO2 emissions without banning gas stoves and other appliances.

As for eliminating CCUS programs, this is a real head-scratcher because big fossil fuel companies are among the most avid supporters of carbon capture while environmentalists are more critical. Oil companies see carbon capture as a climate solution that will extend the shelf-life of fossil fuels, attract new investment, and allow them to market themselves as "green" energy companies. Perhaps conservative policymakers are simply rejecting anything that appears to be a climate solution or an instrument of government picking winners and losers. Either way it's a strange instance of agreement between conservatives and the Green Left.

## <u>Going Nuclear</u>

The Right is all-in on nukes. In fact, the McNamee plan proposes to rename the Department of Energy as the "Department of Energy Security and Advanced Science" (DOESAAS)—an unfortunately named department that would become a quasi-national security agency devoted to protecting against threats to the energy grid but also "developing new nuclear weapons and naval nuclear reactors."

Most of the nuclear reforms proposed here look like fairly standard, bipartisan tinkering, such as streamlining regulatory requirements and licensing processes. According to the chapter, "Such changes would help to lower costs and accelerate the development and deployment of civilian nuclear, such as advanced nuclear reactors (including small modular nuclear reactors)."

But, of course, this was precisely the argument that was advanced in the early 2000s during the last, failed "<u>nuclear renaissance</u>" and the authors seem oblivious to the relatively dismal economics of nuclear energy when compared to cheap renewables and cheap natural gas. Indeed, regardless of how one feels about nuclear power's contribution to decarbonization goals—which could be substantial—the recent track record has made it highly unlikely that the U.S. will see a substantial buildout of new nuclear power based on current technologies and economics. The two new units at Southern Company's Vogtle Plant, one of which is still not open, are the first new nuclear power plants built in more than thirty years and came in at <u>seven years behind schedule and more than \$16 billion over budget</u>. In the meantime, the promise of small modular reactors has taken a big hit with the <u>recent cancellation</u> of the country's first such project in Idaho.

## **Skeptical of Power Markets**

The most interesting part of this conservative energy manifesto is the deep skepticism of (shading into outright opposition to) the Regional Transmission Organizations (RTO)/Independent System Operators (ISO) wholesale power markets.

"Too many conservatives have assumed that because RTOs are described as 'electric power markets,' market forces of supply and demand set electric prices and benefit customers," the chapter reads. "RTOs are complex regulatory constructs (with rules set by FERC) that obscure government interference and preferences for preferred resources." But, of course, as every lawyer knows, all markets are structured by underlying legal arrangements and rules that privilege or penalize different market actors in different ways.

Notwithstanding standard conservative doctrine of level playing fields and free markets, there is no pre-political set of criteria that one can appeal to when designing new markets. And this is doubly true for electricity markets given their complexity and the fact that the grid must be perfectly balanced in real time (not to mention the fact that we are talking about a basic necessity). So, while there are good reasons to be critical of the current design of electricity markets—a fact that is evident in market reform efforts underway all over the world—the conservative manifesto seems to be hung up on the discovery that markets are not the neutral coordinating mechanisms they mistakenly assumed them to be but have instead morphed into a swamp of rent seeking by "Big Tech" and "renewables developers." In response, they seem to want to return to more traditional models of regulation, with state Public Utility Commissions playing a more prominent role in determining the appropriate resource mix. The problem is this ignores the fact that most of the background preferences for renewables that they claim are distorting the markets are actually creatures of state policy.

## <u>Unleash LNG</u>

Perhaps the *least* surprising element of this proposal involves the export of LNG or fossil gas from the U.S. to other countries, which has been in the news a lot lately. The next president should "eliminate political and climate-change interference in DOE approvals of LNG exports," writes McNamee, who was himself a key vote at FERC to approve 14 LNG export facilities in a little over a year. Here he advocates for the federal government getting out of the way of future fossil gas export terminals. "FERC should not use environmental issues like climate change as a reason to stop LNG projects," he writes.

To be clear, this conservative game plan was written in 2023 long before the Biden administration's Jan. 26 announcement that it was <u>temporarily pausing</u> new fossil gas export approvals until the department could update its underlying analysis to include health and climate impacts. But the pause has been a long time coming. Continued LNG buildout directly contradicts the administration's climate goals. For too long, the administration's geopolitical concerns — including Europe's tremendous need for a reliable source of natural gas after Russia launched its war in Ukraine — have taken precedence over climate policy. The White House is now bringing LNG into line with the rest of the Biden administration's climate commitments without overstepping its statutory bounds.

There is no question that a second Trump term would mean a reversal of the LNG approval

pause at DOE and a return to booming growth in export terminals, especially in vulnerable communities. "I will approve the export terminals on my very first day back," Trump said to a cheering crowd in Las Vegas recently. "On day one, I will end crooked Joe Biden's insane electric vehicle mandate. We will drill, baby, drill."

There is a stark difference between what awaits us in a Trump 2.0 or a Biden 2.0 energy world no doubt. But the Republican plan is defined mostly in opposition to changes already underway. In other words, politics has become the policy. And conservatives know with more certainty what they *don't* want than what they *do* want. It's unclear that a "Department of Energy Security and Advanced Science," or DOESAAS, would be prepared for the myriad energy challenges facing the country in 2025 and beyond, long after the chants of "Drill, Baby, Drill" die down.