

About The Pickens Plan

The Problem - and the Goal.

- T. Boone Pickens' main motivation is keeping \$700 billion that would otherwise go to purchasing foreign oil in the United States: "I've got one enemy. I've got one rifle. I've got one crosshairs. And it's focused on one spot."
- "If nothing is done," the conservative Texas oilman says, "the US will send \$10 trillion out of the country in the next decade ... the greatest transfer of wealth in the history of mankind."
- In 1970, the United States imported 24 percent of its oil. In 1990, that had grown to 42 percent. It is now nearly 70 percent.
- The US currently uses a fifth of the world's energy. The US uses far more energy per person than other developed countries; the average American requires more than double the energy of a Briton or a German, and a third more than a resident of Australia.
- America's dependence on foreign oil is "extreme" and "threatens the future of our nation," says Pickens. Nearly unanimously, economists agree that U.S. trade deficits are unsustainable.
- America is vulnerable. The U.S. economy hinges on the ability of foreign countries to provide our daily energy needs, not to mention the need for us to maintain good relations with our oil partners.
- "I've been an oilman all my life. But this is one emergency we can't drill our way out of," say Pickens. He believes in the "peak oil" argument, which says world oil production is about to enter a period of irrevocable decline. Demand will only increase as growing economies such as China and India consume more. Proposals to drill off the coast of New Jersey or in Alaska's Arctic National Wildlife Refuge, whether or not they go forward, won't be enough.
- "If we create a new renewable energy network, we can break our addiction to foreign oil." Pickens wants America to throw all of its energy into wind power, solar power, diverting natural gas from producing electricity to fuel for larger vehicles, nuclear power, ethanol and other resources.

The Personal Motivation.

- “I’m 80 years old and they weren’t talking about the subject. I thought this is my last chance to ... elevate this to where the American people and the candidates are going to understand the seriousness of where we are.” The bulk of Mr. Pickens’ net worth, which is said to exceed \$4 billion, will go to charity.
- Chuck Raasch of the Tuscon Citizen wrote on July 15, 2008: “Last year, I heard Pickens tell a class of high school graduates that he would trade all the money he ever made, all the fancy things he ever enjoyed, for their futures. He urged the 18-year-olds to learn from their failures as much as their successes.”

The Plan, Summarized.

- Using wind power and solar power for electricity and powering vehicles (starting with large government vehicles) with domestic natural gas can replace more than one-third of our foreign oil imports within 10 years.
- By improving the nation’s electric transmission system, vast wind resources from the Dakotas to Texas, and solar energy from the Texas Panhandle to California, could be tapped to power population centers hundreds of miles away. The natural gas that once went to electric utilities could instead be used as a transportation fuel.
- Many thousands of U.S. jobs will be created to build turbines, erect wind farms and solar power plants, and string transmission lines to the East and the West Coasts.

The Wind Power Part of the Plan.

- Building wind-powered generators in the heartland of America and new transmission lines would cost \$1.2 trillion but it would make America the "Saudi Arabia" of wind power – which consists of \$1 trillion for building the wind turbines, and \$200 billion to connect them to places where the power is most needed. These investments would come from the private sector, but certain government policies are needed to encourage this investment.
- T. Boone Pickens wants wind to grow from supplying 1 percent of the nation’s electricity to 20 percent in a decade.
- Missouri’s tiny Rock Port is winning national attention as the first town in America to operate solely on wind power.
- The wind-tunnel corridor stretches from central Texas to the Canadian border.

- Until now, wind energy has not been on a speedy schedule, although generating capacity last year increased by 45 percent. Even the American Wind Energy Association thought it would take another 20 years before wind produced as much energy as Pickens wants in 10. A report from the Department of Energy said in May that America could build enough wind farms to provide 20% of the nation's electricity by 2030.
- T. Boone Pickens (through his company, Mesa Power) is already spending \$12 billion to build the world's largest wind farm near Sweetwater, Texas, which will produce enough electricity to power an estimated 1.3 million homes. Texas officials recently cleared the way for a \$4.9 billion plan to build new transmission lines from gusty west Texas to urban areas like Dallas. He has pumped US\$2 billion into the project so far, recently placing an order for 667 wind turbines from General Electric (GE). He will spend another US\$10 billion on the project before it starts generating electricity sometime in 2011.
- Wind turbines stand twice as high as the Statue of Liberty, with blades as wide as the wings on a jumbo jet. Each one can earn hundreds of dollars every year for landowners, a whole wind farm can generate hundreds of thousands of dollars. A farmer who gives up a quarter of an acre to a wind farm can now earn US \$10,000 a year from it - some 3 per cent of the value of the electricity it produces. If he planted corn for ethanol he would earn US \$300.
- It's hardly a surprise then that new turbines are popping at a rate of three to four a day. GE alone is expected to sell US\$6 billion-worth of turbines this year in America.
- Wind power accounts for 3% of the electricity in Texas. Nationwide the figure is 1%.

The Natural Gas Part of The Pickens Plan.

- Natural gas is 80 percent cleaner than gas and diesel, and it is cheaper.
- American natural gas now generates 22% of the country's electricity.
- 98 percent of the natural gas used in the U.S. is from North America.
- T. Boone Pickens wants to see vehicles fitted with Compressed Natural Gas (CNG) tanks. Governments should require that all new larger government vehicles be CNG vehicles. GM builds many models of CNG vehicles, but none are built in the United States.
- Gazprom [Russia's state-controlled gas company] last week announced that they are going to put natural gas fueling stations all over Europe.

The Solar Power Part of the Plan.

- T. Boone Pickens supports constructing solar power plans in the "sun corridor" between west Texas and California. Transmission lines to cities will also be required for this part of the plan.

The Challenges Facing the Plan.

- One challenge is the need for transmission lines, which will entail arduous work, including purchasing rights of way.
- Another is a problem of scale – to replace one 600-megawatt gas-fired power plant would take about 300 wind turbines, which means a huge number of turbines to reach the 20 percent energy capacity.
- According to one published report, in May 2008 the U.S. Department of Energy released a report stating wind could provide 20 percent of national power needs by the year 2030. However, such an increase would offset only 11 percent of natural gas use, not 22 percent as Pickens claims.
- The plan to redesign automobiles with natural gas tanks would apply only to new vehicles. Because CNG is diffuse rather than concentrated, it requires additional storage, often in additional storage tanks loaded in the trunk. Unless the entire country buys new vehicles at once, or conversion is streamlined for cost and speed, its effect on imported oil demand would only be felt long-term.
- At present, there is no CNG distribution system, much less a viable nationwide chain. The plan involves government fleet vehicles to be the first to use CNG.
- Despite the recent attention to alternative fuel sources, the Texas Renewable Energy Industries Association's executive director said other renewable energy initiatives – "solar energy, biomass, geothermal, and hydro sectors" – need the same support wind is currently receiving. (T. Boone Pickens has acknowledged that solar power is indeed part of The Pickens Plan, and he has stated that he supports research and development of other energy initiatives.)
- President Bush lifted his father's ban on offshore drilling in a move to increase US oil production, though action is up to Congress. Bush's plan could produce an additional 2.5 billion tons domestically over time. Spread over, say, 10 years that could cut imports – if they stay at current levels – by nearly a third. Another possible piece of the puzzle to ending America's reliance on foreign oil, though tough policy choices remain concerning drilling off America's coasts. T. Boone Pickens supports exploration wells at this time, but doubts there is much oil off the New Jersey coast, or in other areas, compared to the Gulf of Mexico (into which the massive Mississippi has fed organic material for millions of years).

- If the US could reduce its per capita energy consumption by 20 per cent, about half-way down towards usage in Germany. Even spread across major energy sources, this could reduce US oil demand by almost 200 million tons a year – a similar impact to Pickens' plan. Even T. Boone Pickens knows it makes sense to tackle both sides of the equation; when giving tours of his home in Sweetwater, he is fanatical about turning out the lights as he leaves each room.

Jobs Created By the Plan.

- About 50,000 Americans are now employed in the wind generation industry, but Pickens' plan could boost that figure to 500,000, according to the American Wind Energy Association.
- Today Texas leads the nation with almost 5,000 megawatts of electricity generated from wind turbines. Most of that is concentrated in the north-western quarter of the state. The economic impact on Nolan County, which encompasses Sweetwater, will be \$315m this year. Wind has brought more than 1,000 new jobs to the town.
- The potential economic boost to a state like Kansas is clear. A recent report shows the total benefit to Kansas would be \$7.8 billion if the state provided its share of wind energy to help the nation reach the 20 percent goal by 2030. That would include 23,000 construction jobs and more than 3,000 permanent jobs.

The Politics Of The Plan.

- Pickens believes the energy crisis should be the No. 1 issue of the election — one reason for the timing of their own energy campaigns.
- Pickens' plan will protect the environment, said Julia Bovey, communications director of the Natural Resources Defense Council, a nonprofit organization that works to protect the environment.
- Pickens wants the American public to urge Congress and the president to combat the energy crisis.
- The federal tax credit that spurred the recent rush of wind development is about to expire. Congress needs to extend that before the end of the year to provide an incentive to build wind farms.

- The plan requires bi-partisan support. When T. Boone Pickens discusses energy policy with Democrats and Republicans this week, neither side may like all that they hear. His message is likely to be straight-forward. As one commentator put it: “Stipulate that no one in the government, Democrat or Republican, deserves an energy policy star over the past 35 years. Stipulate that expensive choices lie ahead. But quit pointing fingers and tell us how this can be fixed.”
- T. Boone Pickens is speaking before the House Democratic Caucus on Tuesday!! He is “sitting out” the politics of this presidential election, for the benefit of the Pickens Plan.
- Environmentalists are cheering wildly, but the Pickens Plan has little to do with their worries about the catastrophic dangers of global warming. It just helps ease global warming, as a by-product of the plan. America's big environmental organizations have become huge supporters of the Pickens Plan. "I will be in the front row of the chorus cheering him on," said Carl Pope, executive director of the environmental group, the Sierra Club. But no one can accuse T. Boone Pickens of being a soft-headed tree-hugger.

The Pickens Plan: The Money Behind the Pickens Plan.

- The most expensive public policy advertising campaign ever.
- “\$58 million is what I signed for. They want to give me a budget for '09. I said let's see how we do in '08. If we go to '09, that will be heavy-duty lobbying. But I'd rather not get into that. I'm hoping that my plan or a better plan shows up before I have to go do any of that.”
- Pickens has said that to implement his plan within 10 years, both Congress and the White House must treat the current energy situation as “a national emergency and take immediate action.”
- Buffalo-based Joe Slade White & Co., a veteran political ad agency with 400 campaigns to its credit, created the TV spots. The Pickens spots began airing on national cable networks such as CNN and MSNBC, and full-page ads ran in the likes of USA Today and The Wall Street Journal. In all likelihood, the \$58 million in paid media from Mr. Pickens' own pockets has already been matched in unpaid media hits. "Our goal was all Boone all the time, and we've exceeded our goals, which is easy with a client like Boone Pickens," said Melissa McKay of Sloane & Co., who is handling PR for the campaign. "He's very easy to sell."