

WHO ADVISED THE CANDIDATES



ON



ENERGY

Introduction

by Jared Anderson

Energy was a major issue during the 2012 US Presidential campaign, with both candidates repeatedly touting the multiple benefits associated with increased domestic oil and natural gas output, the need for renewable energy and more. But there was virtually no coverage of the officials who advised President Obama and Governor Romney on these issues.

This exclusive AOL Energy series delves into who these advisors are, where they came from and the nature of their relationships with the candidates. With one hailing from business and the other rapidly rising through politics, their contrasting backgrounds and way of approaching important issues provides an insider look at where Obama and Romney received advice and information on a crucial election issue.

Who Obama and Romney Listened to on Energy

By Elisa Wood

It's hard to imagine two people less alike than Harold Hamm and Heather Zichal, the top energy advisers to the presidential candidates.

Hamm, energy czar for Mitt Romney, is a billionaire oil man who rose to success with only a high school diploma. Raised as a sharecropper's son, he is now the 35th richest person in America.

Heather Zichal, President Barack Obama's deputy assistant for energy and climate change, is the daughter of a medical doctor. She was an intern for the Sierra Club while at Rutgers University. After graduating, she soared up Washington's policy ranks to a top White House position in little over a decade.

Who exactly are Hamm and Zichal? What influence do they wield? And what do energy and environmental insiders think about them?

First Hamm

Testifying before Congress on energy independence in September, Hamm said, *"Good things flow from American oil and natural gas."* And they certainly have for Hamm, age 66, who is founder, chairman and CEO of Continental Resources, an Oklahoma City independent oil and natural production company that has put Hamm on Forbes' list of wealthiest Americans and on Time Magazine's list of the most influential.

He appeared before Congress as none of these things though, not even Romney's advisor, he said, *"but as an American patriot,"* a common theme for Hamm. His company's corporate tagline is 'American oil champion,' and he describes today's thriving domestic oil market as the "American energy renaissance."

Hamm's praise for all things American is not surprising given that his story is the iconic American dream. He was the youngest child of 13 who grew up in poverty in Lexington, Oklahoma and entered the oil industry pumping gas and cleaning tanks. He started his own oilfield service company in 1966 when he borrowed money to buy a bob tail tank truck. The next year he formed Continental Resources, today a company with a \$37 billion annual payroll and the largest leasehold in the oil-rich Bakken formation of North Dakota and Montana.

"I don't know how to describe his innate business sense. He doesn't have any formal education in terms of business practices or business philosophy," said Michael "Mickey" Thompson, executive director of the Domestic Energy Producers Alliance (DEPA), an organization that Thompson co-founded with Hamm.

How does Hamm influence Romney? Thompson says he sees Hamm when Romney talks about giving states more say in environmental regulation. Romney wants the states to take over control of energy development on federal lands.

Cutting back on federal environmental regulation is a big theme in Hamm's world at DEPA, where he serves as chairman.

"We are not radical about it. We are not trying to overthrow the government. We are not even in the Tea Party," Thompson said. *"We understand the essential role the federal government plays in many aspects of our society and lives. But environmental regulation, by in large, is just not one of them."*

Pragmatist not politician

One issue Romney and Hamm did not always see eye to eye on – but now do – is TransCanada's controversial XL Pipeline Project. Romney supports the 1,179-mile pipeline from Alberta to the Texas Gulf Coast. But Hamm initially lobbied to stop it, not for environmental reasons, but because he saw the line as a threat to domestic oil and his own business. In fact, TransCanada's project was Hamm's impetus for forming DEPA.

"Interesting, I know, in hindsight that our little organization was created in opposition to the Keystone XL Pipeline," Thompson said.

DEPA and Hamm's position on the pipeline changed when TransCanada acquiesced on some key issues, among them acceptance of US oil on the pipeline.

"TransCanada figured out they needed some friends," Thompson said.

Thompson, who's known Hamm for more than two decades, emphasized that Hamm's position on the pipeline was never political. *"It was born out of the necessity of trying to survive and get the best price we can for our product down here in our part of the country."*

Indeed, Hamm is more pragmatist than politician, his colleagues say. For example, he switched his party registration to Democrat in the early 2000s when he felt Oklahoma Republicans were siding with those in the natural gas pipeline and crude oil marketing industry over the independent producers. He later switched back to Republican, but Thompson says not to make too much of the shift. Little difference exists between the two parties in Oklahoma. *"It is very conservative state,"* Thompson said.

Hamm is very different from the energy advisor Romney chose while Governor of Massachusetts. Then Romney made headlines by selecting Doug Foy, one of New England's most prominent environmentalists. Indeed, Foy seems to be a closer ideologically to Zichal, Obama's advisor, than to Hamm.

A Princeton University and Harvard Law School graduate, Foy for 25 years ran the Conservation Law Foundation, an influential New England environmental organization. Romney tapped Foy to not only oversee energy but also transportation, housing and environment, making the environmentalist arguably one of the most powerful players in the Romney administration.

This reflected a very different energy agenda promoted by Romney as Governor versus Romney as presidential contender. Today, Romney focuses on production of oil, gas and coal.

But then his talk was of the business benefits of energy efficiency and renewable energy. In 2004, he released Massachusetts' first climate action plan, a document that called for renewable energy mandates, energy efficiency standards and state participation in the Regional Greenhouse Gas Initiative (RGGI), the US' first carbon dioxide cap and trade program. Romney later reversed his stand on RGGI, although the state joined under the next Governor, Democrat Deval Patrick.

Romney's seeming reversal on RGGI led Melinda Pierce, lead lobbyist for the Sierra Club, to call him a "born again climate denier." She sees Hamm's influence looming large over the Republican presidential candidate, and describes him as "the American oil champion who literally wrote Romney's energy plan."

"He is one of the most wealthy men on the planet who is clearly on record as pro drilling, as itching to open up large swaths of American public lands, clearly anti-regulatory," she said

For those in the domestic oil industry, though, Hamm's influence at the top level is not a bad thing, nor surprising.

"Harold doesn't tip toe into anything. He splashes in with both feet. That would be how I would characterize his involvement with the Romney campaign. He is just a very focused, very serious guy. When he believes in a person or a cause, he's usually all in," Thompson said.

Hamm as Prognosticator

This kind of commitment is one reason Hamm is so successful, say his friends and colleagues. Another is his sense of market timing. *"He has a unique ability to see things forward,"* said Mike McDonald, co-owner of Triad Energy, a small independent oil and gas producer in Oklahoma. *"I'm thinking next month, he's thinking two or three months down the road."*

Jim Cramer, CNBC's Mad Money show host also has hailed Hamm's foresight, particularly when it comes to his call on the vast Bakken find. Hamm is a *"real oil man making real money with an unbelievable find in the Bakken. No one believed it except for him,"* Cramer said on his show.

Is Hamm likely to play a role in Romney's administration, should the Republican win the White House? Thompson can't see his friend working in policy.

"My personal opinion is that he would be very frustrated in a federal bureaucracy, even in a cabinet level position," Thompson said. *"Harold Hamm is not a political animal."*

This marks a major difference between Hamm and Zichal. She has worked in federal policy most of her adult life.

Now Zichal

From the start Heather Zichal, chief energy adviser to President Barack Obama, struck Elgie Holstein as an unusual Washington player.

He got to know her when Zichal was a Congressional aide for Senator John Kerry, a position she held from 2002 to 2008. One day, she sought out Holstein, a veteran policy adviser who had served in the Clinton administration, because she needed information on refinery economics.

"It was a substantive inquiry," said Holstein, who is now a senior director with the Environmental Defense Fund. "We talked about it, and then she invited me to come to Senator Kerry's office to meet with him and discuss the same set of issues."

That is where Zichal diverged from the Washington norm, he said. Typically, senior staffers repackage such interviews and present the information to the boss as their own, rather than make the source of the information front and center.

"I felt it was an unusual and noteworthy kind of thing for a senior senate staffer to do - not to claim that she knew everything about everything, but rather to bring in somebody to give her boss some perspective other than hers. I thought it was a class act, and I was really struck by it and impressed," Holstein said.

It is this willingness to invite others to the table, whether they conform with her opinion or not, that helped the 36-year-old Iowa native in her mercurial rise to a top policy position, say those who have worked with her.

"She is collaborative to a 'T'," said Melinda Pierce, lead lobbyist for the Sierra Club, where Zichal worked as an intern while studying environmental policy at Rutgers University.

Rich in Political Cred

Her background is markedly different from that of billionaire oilman Harold Hamm, energy adviser to Mitt Romney's campaign (See Part I of this series, "Who Obama and Romney listen to on energy.") They do share in common a small town, rural upbringing - Zichal was raised in Elkader, Iowa, a town with a population of about 1,200. But that is as far as the similarities seem to go.

Where Hamm worked his way up in business, Zichal worked her way up in government. Where Hamm earned a substantial fortune, Zichal earned substantial political cred.

"The President by all signs and all reports trusts her completely," Holstein said. "By now the President, four years in, has defined his energy policy and clearly there are some who like those policies better than others. Yet, I hear nothing but compliments about Heather's willingness to listen, about her open mindedness and about her accessibility."

After graduating from Rutgers in 1999, Zichal worked as an aide on Capitol Hill, first for Rep. Rush Holt and later Rep. Frank Pallone, both Democrats from New Jersey. She signed on with Kerry's office in 2002 and also served as top energy and environmental adviser for his unsuccessful 2004 presidential bid. Later, when Obama decided to run for president, Holstein urged Zichal to join the campaign.

"I had been working for Senator Obama since January 2008, and I called her up begging her to come and work for Senator Obama. As it turned out, I wasn't the only one," he said. "There were people who were a lot closer to the senator than I was that were making the same case."

After Obama took office, Zichal served under Carol Browner, then chief energy adviser to the President. When Browner left in early 2011, Zichal stepped into her role, acting as adviser to Obama under the title deputy assistant for energy and climate change.

Light Handprint

Zichal's colleagues describe her as a savvy political strategist with a quick intellect and deep grasp of the often complex energy world.

"Heather is very matter-of-fact personally and professionally. She's not a know-it-all, but you don't want to be on the other side of a trivia game with her because you are going to lose," said Heather Taylor-Miesle, director at the NRDC Action Fund, who has known her for about a decade.

Where does Zichal's influence show up in Obama's agenda? It's not obvious, and isn't supposed to be, given her role. Unlike Hamm, who advises Romney in the political sphere and therefore doesn't have to subordinate his own itinerary, Zichal is a White House employee charged with representing Obama's policy and making it happen.

Still, those who know her say they discern Zichal's handprint - however light - at times.

"When the President speaks of his all-of-the-above strategy, that is where I see the balance and good judgment of Heather Zichal," Holstein said.

Others say they see Zichal's thinking in Obama's fuel economy standards and restrictions on mercury emissions from power plants.

A YouTube video shows Zichal early in her tenure at the White House talking about climate change legislation and cap and trade. *"Pricing carbon throughout the economy creates the incentive for small entrepreneurs and multinational corporations alike to seek out and exploit the lowest cost ways of reducing greenhouse gas emissions,"* she told the Business Council for Sustainable Energy in October 2009.

More recently, Obama has grown quieter on the topic of climate change and so, it appears, has Zichal. She last posted a blog on the White House site in August, her topic the wind production tax credit, set to expire at the end of this year unless Congress extends it. *"It's time for Congress to put politics aside, and support this clear job provision, that supports American workers, American manufacturing, and American competitiveness,"* Zichal wrote.

"When the President speaks of his all-of-the-above strategy, that is where I see the balance and good judgment of Heather Zichal,"

She also blogged this year about cutting oil subsidies (an Obama priority), fuel standards, the administration's mercury restrictions, energy efficiency, and an increasingly hot topic, the US' natural gas boom. Viewed as heavily in the renewables camp, the Obama administration has been working to show it supports natural gas as well.

"We know that natural gas can safely be developed, and to the credit of the industry there are many companies that are leaning into this challenge and promoting best practices for safer and more efficient production," Zichal said speaking in May at an American Petroleum Institute workshop on hydraulic fracturing.

Of course, not all are happy with the Obama agenda and by extension the message Zichal pedals. Americans for Prosperity, advocates for small government, did not comment directly on Zichal. But James Valvo, director of policy, said that Obama *"has demonstrated through his actions, and those of his agency secretaries and administrators, that he is committed to crippling domestic, affordable and reliable forms of energy. The President misguidedly believes that it is possible for bureaucrats to successfully shape industrial policy in the energy sector."*

Praised or criticized, Zichal continues to do her job undeterred and un-jaded, say her colleagues. *"People come to Washington starry-eyed. Heather's overwhelming quality is that she still hasn't lost her optimism,"* said Taylor-Miesle said.

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