

SECURING AMERICA'S ENERGY FUTURE

An open letter to the 44th President of the United States and the 111th U.S. Congress



www.energyxxi.org

Dear 44th President of the United States and members of the 111th U.S. Congress:

America is facing a long-term energy crisis, one which could become one of the most significant economic and national security challenges of the 21st century. We strongly recommend that you attach the highest priority to developing and implementing a strategic energy policy that has a long-term, commonsense vision and the full attention of our national leadership. Energy fuels our competitiveness in the world economy and supports our quality of life. It underpins our innovative high-tech economy, resilient manufacturing base, bountiful agricultural sector, and courageous armed forces. In short, energy, and how we use it, will define who we are as a nation for the foreseeable future.

Energy is essential across the spectrum of our priorities as a nation. The security and prosperity of future generations will depend on the actions we take or fail to take today. As a nation entrusted with global leadership responsibilities, we must clearly demonstrate that we both understand the complexity of our energy and environmental challenges and that we have the capacity and the will to take action to wisely address them.

Fortunately, we are a nation blessed with natural resources and a great capacity for technological innovation. Over the last 30 years, we have cut the amount of energy needed to produce a dollar of gross domestic product by nearly one-half. However, global demand for energy will increase by more than 50 percent between now and 2030 and by as much as 30 percent here at home. Meeting this soaring demand requires swift and effective action. Failure cannot be an option where our energy strategy is concerned, but success will not be instantly achieved. Solving America's energy problem requires a strategic plan underpinned by durable policy and fiscal commitments.

For too long, our approach to energy has been conflicted, contradictory, and shortsighted. We demand more energy and complain about high prices, but we restrict energy exploration and production. We embrace the promise of energy efficiency, but we are slow to make adjustments in our energy-intensive lifestyles. We take the production of electricity almost for granted, yet we oppose the construction of new power plants and transmission lines. We are betting on the development of new and transformational energy technologies, but we underinvest in the energy research and development needed to bring it about.

Any successful effort to enhance our energy security while respecting the environment must begin with consistent and determined leadership by the White House and Congress—but it cannot end there. This cannot be an effort solely borne by a single administration, or even by the government as a whole. This is a challenge that must be met through the efforts of the private sector, government at all levels, and our society at large. It is an effort that will have to be sustained for decades to come, and it will require American leadership on the global stage.

To succeed, we must reexamine outdated and entrenched positions, become better informed about the sources of our fuel and power, and make judgments based on facts, sound science, and shared responsibilities.

Extraordinary and consistent political leadership is required. We need to be persistent and patient as there are no swift solutions. We need to resist the temptation to rely on taxes or subsidies as the solutions of choice to meet our energy challenges; instead, we must recognize that our strength lies in open and competitive markets if we truly expect to drive change and generate momentum for progress. Certain government actions to accelerate capital investment, market transformation, and legal and regulatory certainty will be necessary to accelerate the development, demonstration, and adoption of new technologies. Foremost, we must rise above partisan differences and be united in our efforts.

America is unmatched in the caliber of its academic institutions, research laboratories, entrepreneurs, and private industry. We have to unleash the real and unique power of America's innovation to solve our energy and environmental challenges. This is a monumental calling, but it is also a historic opportunity for America to demonstrate global leadership, create new American industries and jobs, and develop new exports.

We remain optimistic that America when challenged, properly informed, and led will successfully meet these challenges. We strongly recommend that our next president and the 111th Congress commit to a strategic and comprehensive program based on the following clear and fundamental pillars. The nation's leadership should, as a matter of national policy:

“Energy is essential across the spectrum of our priorities as a nation. With a challenge as great and urgent as securing our energy future, America’s leaders must come together in support of a sensible and sustainable approach that promotes economic growth at home and strengthens our national security. We stand united in our clarion call to action.”

– General James L. Jones, USMC (Ret.), President and CEO of the Institute for 21st Century Energy

Aggressively Promote Energy Efficiency

The next best source of new energy is the energy we can save every day. Immediate benefits can be realized by increasing building efficiency and appliance standards, two areas with high energy savings potential. We must explore new business models that reward energy savings, especially for utilities and ultimately the customers. We must expand the suite of voluntary programs, mandates, and fiscal incentives for greater benefits of energy efficiency.

Reduce the Environmental Impact of Energy Consumption and Production

We must address the impact of our growing energy consumption on the environment and climate, while recognizing that any approach must be both economically viable and environmentally effective. We must not set targets for which technology does not yet exist or which threatens major economic displacement. We must give industry a predictable investment climate and incentives for innovation in clean energy. Costs and benefits must be transparent to consumers. We must commit to a course that promotes global participation while considering the priorities of the developing world.

Invest in Climate Science to Guide Energy, Economic, and Environmental Policy

A deeper understanding of the issues and developing science associated with the environment and climate change will influence national and global energy, economic, and environmental policy choices. Balancing these priorities requires greater consideration of the complex processes driving climate change and increased attention to adaptation measures. We must increase our investment in climate science, which will enable us to adjust policies as scientific understanding advances. At the federal level, we need better coordination and collaboration across agencies for policy coherence and balance.

Significantly Increase Funding for Research, Development, and Demonstration of Advanced Clean Energy Technologies

Technology is the cornerstone of a new energy policy. The United States is currently spending 50 percent less on energy research and development than during the 1970s’

oil embargo. We spend less than 4 billion dollars a year on clean energy R&D, which is less than we spend in three days on imported oil today. New industry and government relationships are needed, and liability issues must be addressed. The demonstration and application of promising clean technologies must be carried out on an ambitious and cost-effective scale; small, tentative steps are not sufficient.

Immediately Expand Domestic Oil and Gas Exploration and Production

Expanding domestic production will reduce our dependence on foreign oil and gas and significantly reduce the billions of dollars we send abroad each year. As our reliance on oil and natural gas will necessarily continue for the foreseeable future, we can no longer rule out the value of our own significant proven oil and gas reserves nor the value of a future significant discovery anywhere in or off the shores of the United States. Doing so will create new investment and new jobs here at home. New federal and state partnerships are needed, and new revenue sharing models must be developed to build local support for environmentally sound energy exploration and production.

Commit to and Expand Nuclear Energy Use

Nuclear power is currently an emissions-free source of 20 percent of America’s electricity supply, despite our not having built a nuclear power facility in over 30 years. Expansion of new nuclear power assets is essential to meet our projected growing demand while mitigating our emissions of CO₂. As required by law, the federal government must provide authorized fiscal incentives for new nuclear power plants. We must solve our long-term nuclear waste challenges and aggressively expand efforts to recycle spent nuclear fuel.

Commit to the Use of Clean Coal

Currently, coal provides approximately 50 percent of our electricity supply, making it the largest source of domestic, reliable, and affordable energy. Coal will necessarily be a critical and expanding source for our future electricity and fuels needs. To use coal cleanly and to address CO₂ emissions, we need to greatly increase our research, development, and demonstration of clean coal and carbon capture and sequestration technologies. We also must establish a fair and predictable regulatory environment.

Increase Renewable Sources of Electricity

Any effort to meet growing demand and address environmental concerns with continued economic growth requires zero and near-zero emissions power generation to be developed and deployed. This is true not only in our country but around the world. We require a predictable and durable fiscal regime to stimulate new investments in solar, wind, energy-from-waste, and other renewable technologies. We must also invest in developing the required technologies needed to expand and transport new sources of commercially viable renewable energy.

Transform Our Transportation Sector

Transportation in the United States is currently 96 percent reliant on petroleum. New technologies, ready for application, must be affordable and become commonplace. Efforts to develop and promote alternative transportation options, including second generation biofuels, plug-in hybrids, and all-electric and hydrogen-powered vehicles, should be based on life cycle cost analysis and incorporate consideration of each technology’s required infrastructure into policy planning. At the same time, we must focus on an improved surface and mass transportation infrastructure to generate efficiency and reduce emissions.

Modernize and Protect U.S. Energy Infrastructure

Our energy infrastructure is increasingly inadequate for our growing demand and economy. Blackouts, brownouts, service interruptions, and rationing could become commonplace without new and upgraded capacity. Critical energy infrastructure must also be adequately protected from both terrorist threats and natural disasters.

Address Critical Shortages of Qualified Energy Professionals

Our energy industry employs well over one million people today, yet nearly half of this workforce is expected to retire in the next 10 years. Presently, American universities are graduating fewer and fewer students in science, engineering, and mathematics. We need additional education and training programs, incentives, and visa policies that enable the American energy sector to attract and retain a new

generation of human capital in an increasingly technological and globally competitive industry. We must entice young people to enter technical fields to build, maintain, and manage our nation’s energy systems.

Reduce Overly Burdensome Regulations and Opportunities for Frivolous Litigation

Energy infrastructure systems, including both generation and transmission, require massive amounts of new investment in the face of rising difficulty in locating, permitting, and building new infrastructure. Industry estimates that it will take 10 years to license and construct a new nuclear plant in the United States. Construction of numerous electricity transmission lines, natural gas terminals, and wind projects has been abandoned as a result of frustration and the inability to get siting approval. This may require us to address new federal eminent domain issues. Current regulatory uncertainty and liability issues discourage the development of clean energy alternatives and technologies. Failure to reverse this course will imperil our global economic competitiveness.

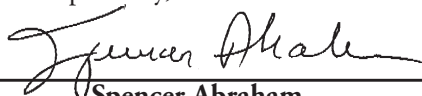
Demonstrate Global Leadership on Energy Security and Climate Change

We live in a global energy market that requires broad-based, global solutions. This is an opportunity for America to demonstrate our leadership in innovation and solve what is not solely an American challenge but a global one. Open markets, expanded trade, and the elimination of tariff and nontariff barriers are necessary for a more resilient energy market and the worldwide availability of much-needed clean technologies, especially to aid developing nations.

To achieve immediate environmental benefits, we must find ways to share U.S. best practices and existing regulatory approaches to reduce air pollution wherever possible. We must exercise effective and consistent U.S. leadership to achieve a sound global framework to address the environment and issues associated with climate change. This framework must include all major-emitting economies and be compatible with the economic aspirations of the world’s less developed nations, while looking after the well-being of the American people.

Mr. President and members of the 111th Congress, you have the opportunity to change both America and the world's energy future by moving forward on each and every one of these principles. We must provide enlightened leadership. We must recognize that we live in an energy interdependent world, as will our children and grandchildren. Our nation's history shows that in times of great national crisis, our leaders rise to the occasion for the national good. Clearly, our future energy security commands such attention. We stand united in our views, offer our collective support, and urge you to lead in this clarion call to action.

Respectfully,



Spencer Abraham
Former Secretary of Energy and
U.S. Senator (R-MI)




Thomas J. Donohue
President and CEO,
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Dr. William J. Perry
Former U.S. Secretary of Defense



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Former Ambassador to NATO and President and
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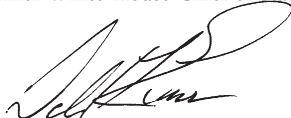
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Former White House Chief of Staff



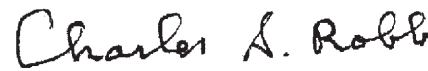
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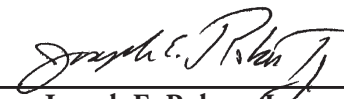
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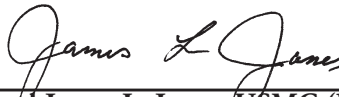
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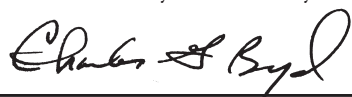
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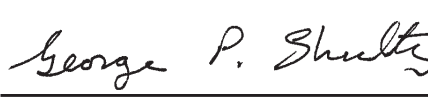
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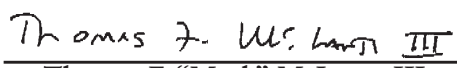
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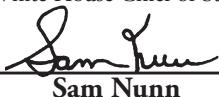
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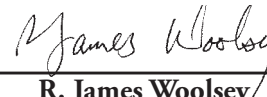
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