



Institute for 21st Century Energy

U.S. Chamber of Commerce

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U.S. Chamber of Commerce



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What's happening in the U.S.?

- Debt/Deficit Soaring
- Unemployment
- Healthcare Reform
- Financial Reregulation
- Tax Extenders/Tax Reform
- Trade Inaction
- Immigration



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The New Energy Reality

Energy Security is central to our national and economic security

- Demand to increase 49% by 2035
 - 90% in non-OECD countries
- Electricity demand to increase 76%
- 1.6 billion people without electricity
- \$26 trillion of new investment by 2030 to meet rising demand
- 90% world's oil reserves owned by national oil companies

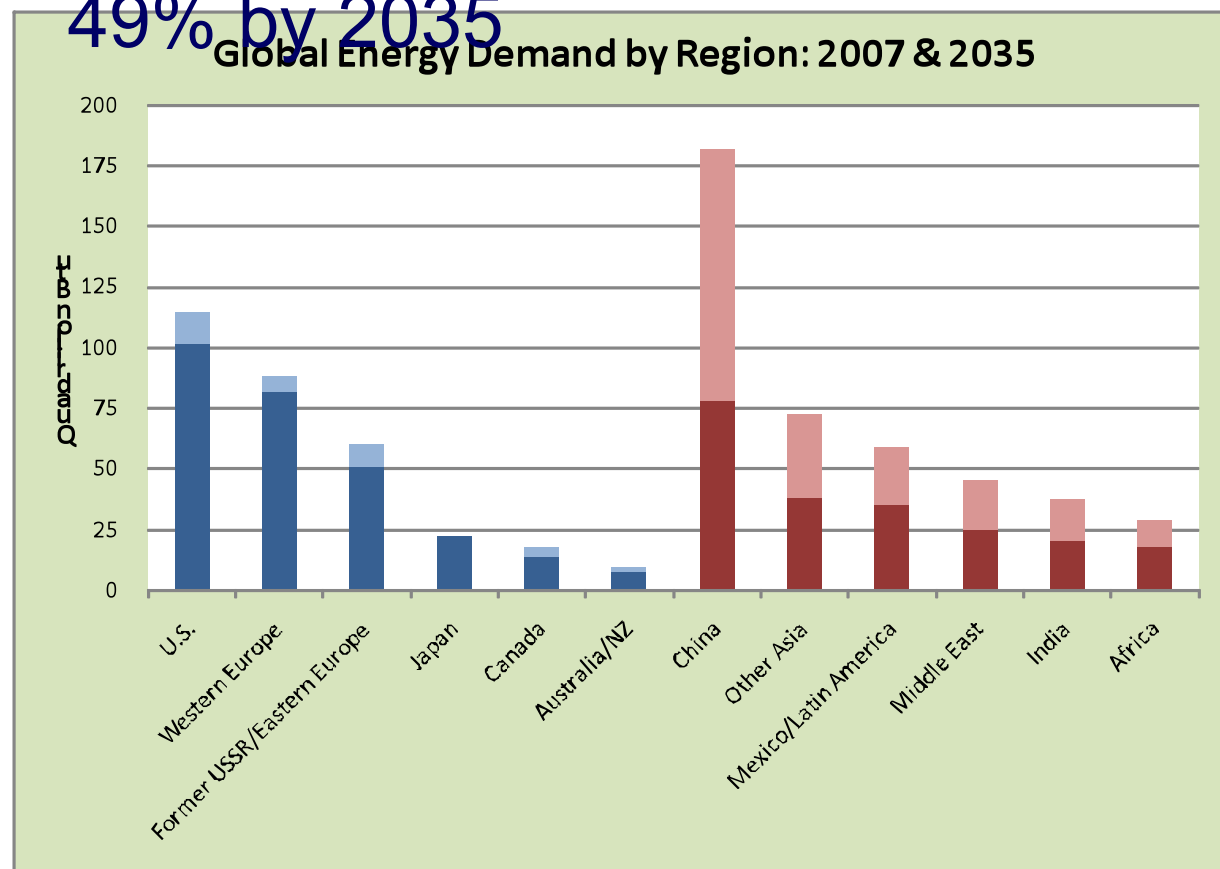


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An Inconvenient Energy Truth

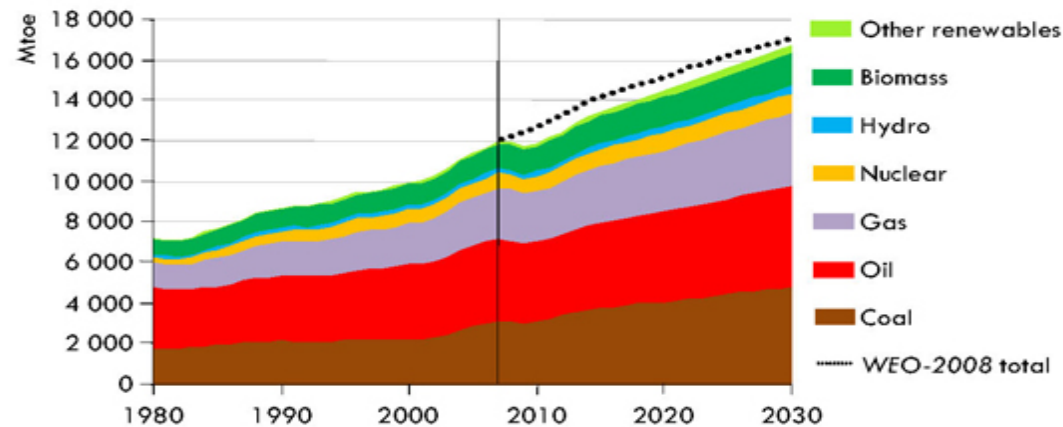
Global Energy Demand To Grow 49% by 2035





What is the energy outlook in 2030?

World Energy Outlook World primary energy demand by fuel in the Reference Scenario



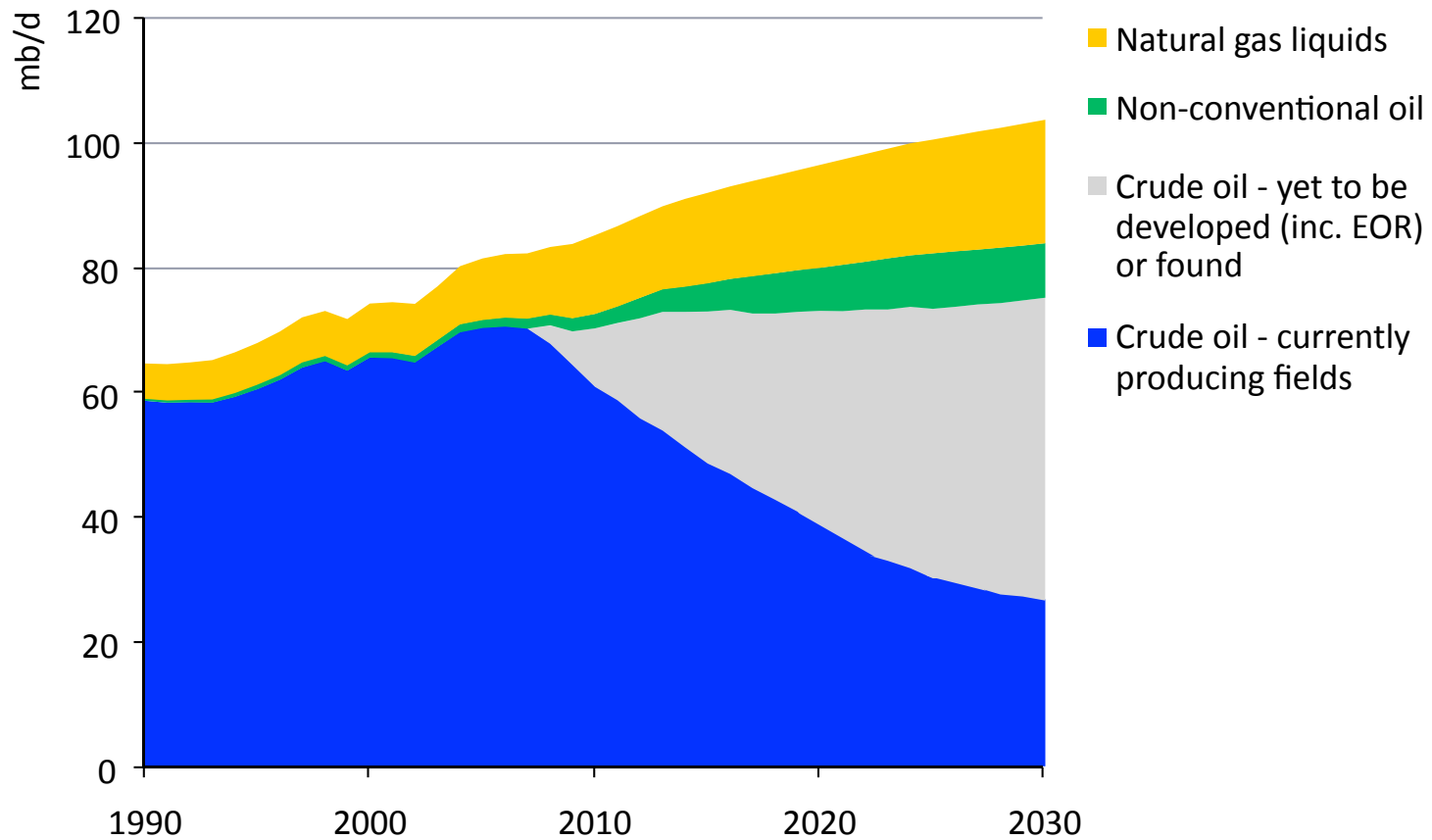
*Global demand grows by 40% between 2007 and 2030,
with coal use rising most in absolute terms*



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World oil production by source



64 mb/d of gross capacity needs to be installed between 2007 & 2030 – six times the current capacity of Saudi Arabia – to meet demand growth & offset decline

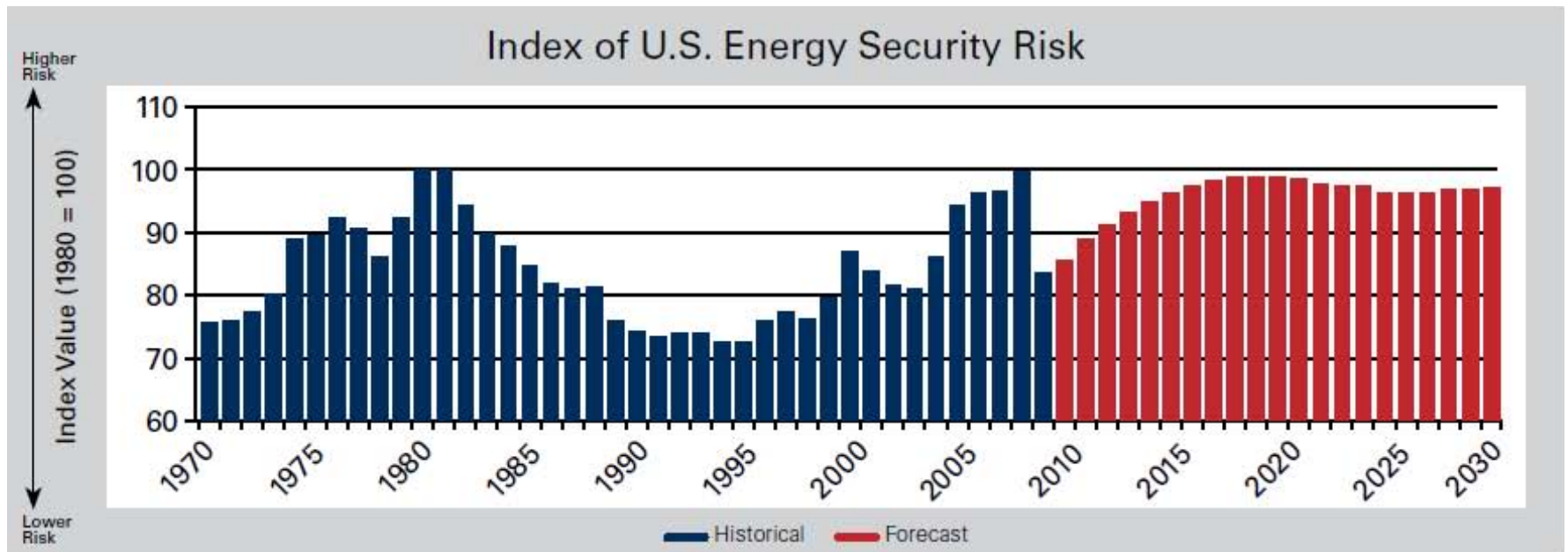
Source: IEA 2008



America's Energy Security in Jeopardy

U.S. Energy Security Risks Increasing

"...Energy insecurity anywhere can create energy insecurity everywhere."





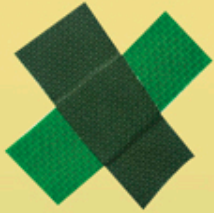
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What's happening in the U.S.?

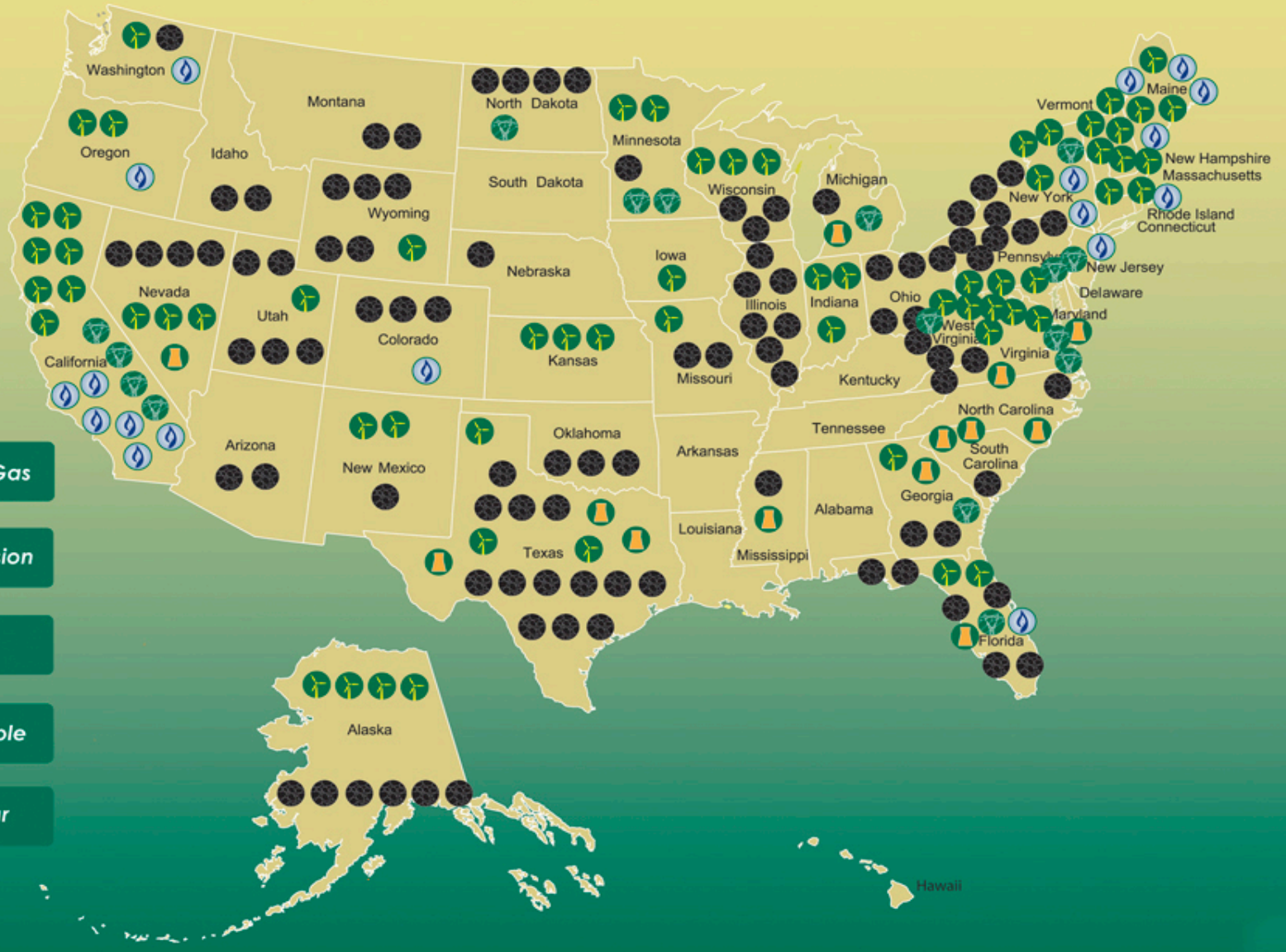
- Future of expanded oil and gas exploration?
- Long line of applicants at NRC
- New coal fired power plants stalled
- Impact of new natural gas finds
- Prospects for renewables
- People power?
- BANANA Syndrome






**UNPREDICTABLE INVESTMENT
ENVIRONMENT**



Project ~~No Project~~

www.projectnoproject.com



-  Natural Gas
-  Transmission
-  Coal
-  Renewable
-  Nuclear



Changing Landscape. Climate Change



- Litigation Stampede
- Regulatory Cascade by EPA
 - Mandatory Reporting of GHG
 - Endangerment Finding
- Legislative Conundrum
- International Negotiation Paralysis

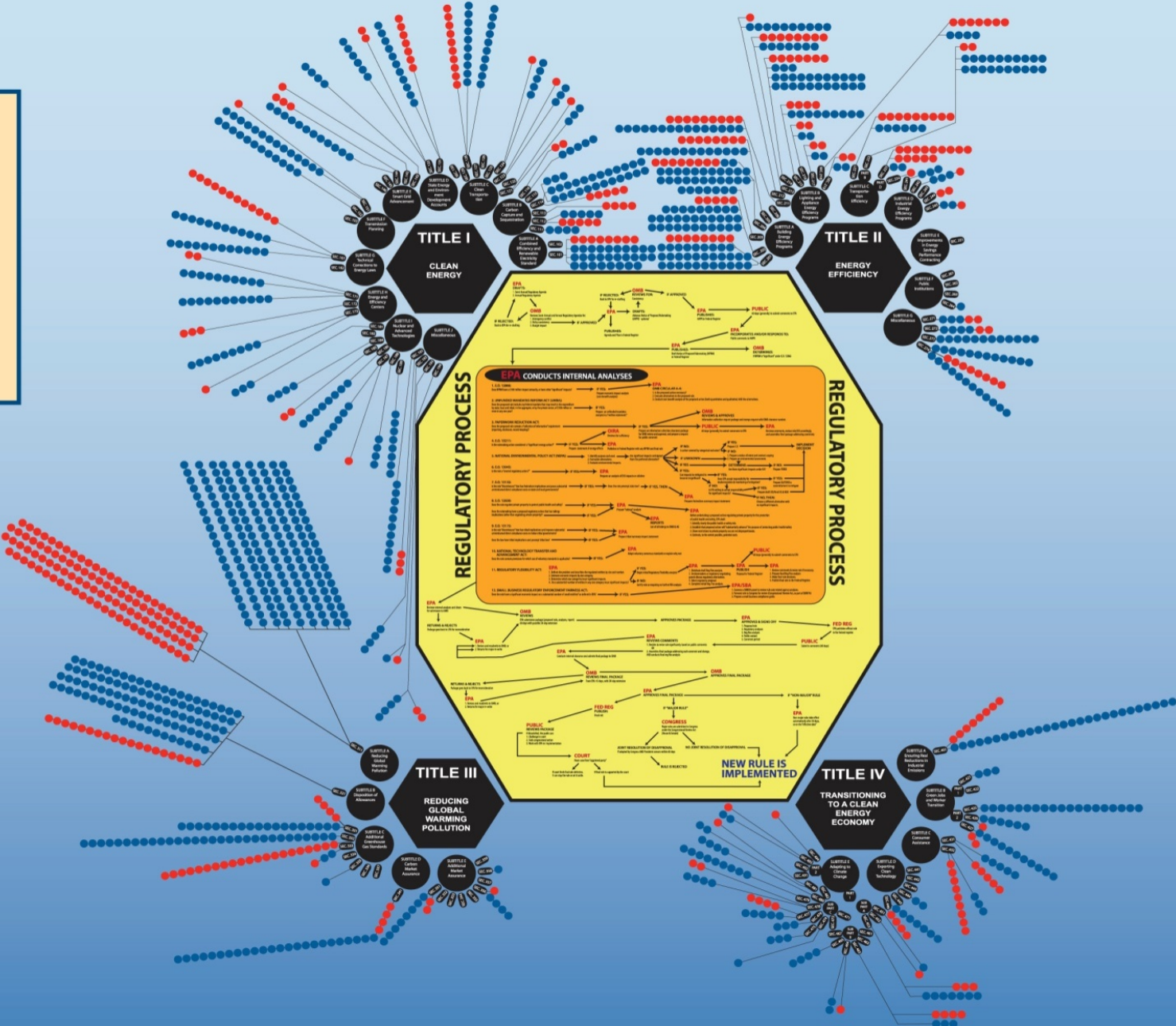
AMERICAN CLEAN ENERGY AND SECURITY ACT OF 2009 (H.R. 2454)

REGULATIONS & MANDATES

TOTAL

● 397

● 1060



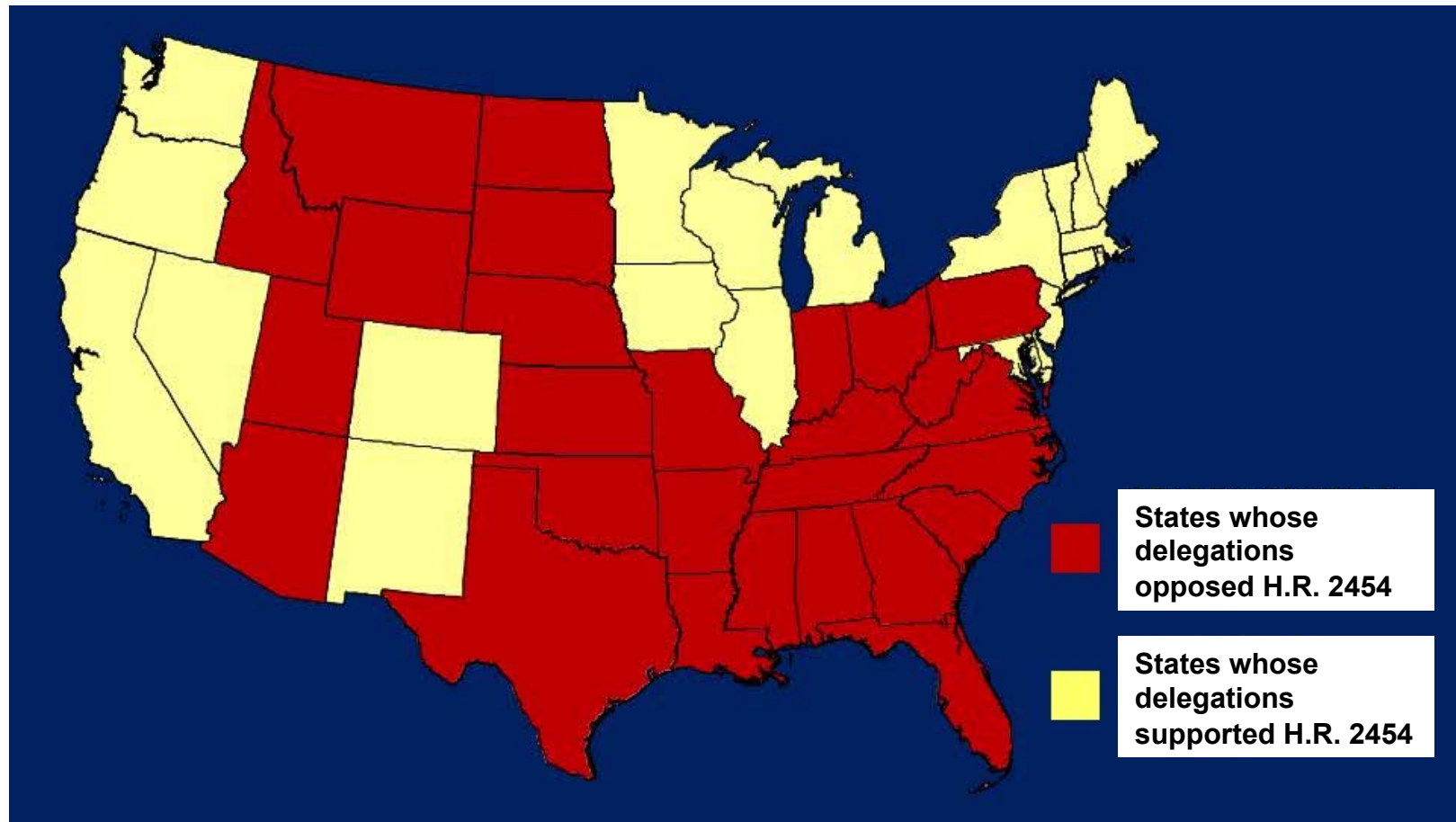


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Regional Differences

As much a Regional Issue as a Partisan Issue: Regional Breakdown of Vote



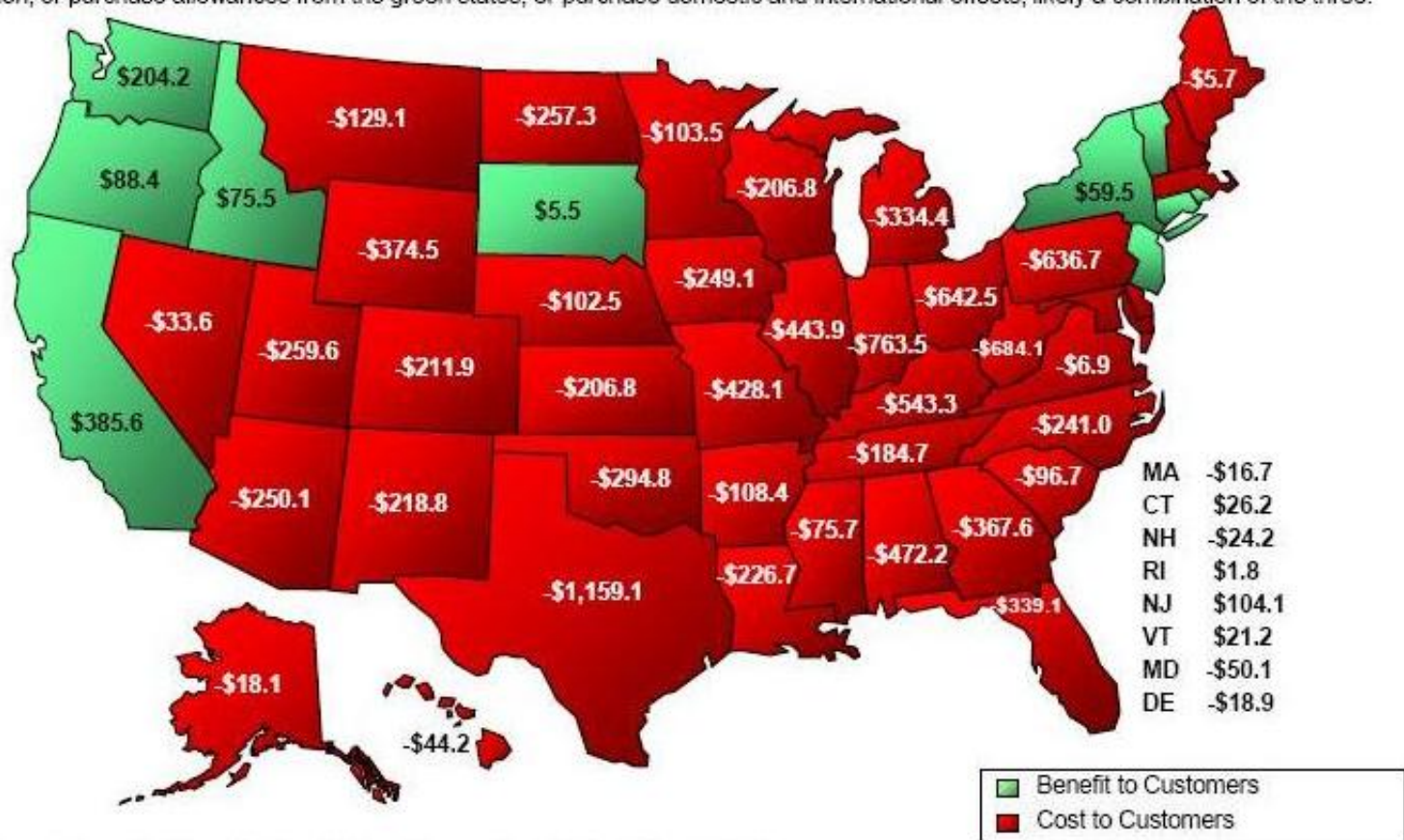
Source: Based on roll call vote of H.R. 2454.



Most States Lose Under H.R. 2454

Consumers in red colored states will pay more for electricity to make up for the shortfall in allowances (dollars in millions).

Based on the allowance allocation formula in H.R. 2454 for electricity consumers, the red states will not have enough allowances to cover their emissions from electricity generation. The shortfall in allowances to the red states will lead to higher electricity costs for consumers, the total of which will roughly correlate with the dollar losses noted on the map. For example, Texas electricity consumers will see electricity costs go up by roughly 1 billion. To make up the shortfall, red states will have to seek high-cost, non-CO2 emitting electricity sources, reduce electricity production and consumption, or purchase allowances from the green states, or purchase domestic and international offsets, likely a combination of the three.



Based on Energy Information Administration (EIA) and Congressional Budget Office (CBO) data. Dollars in millions. Approximate cost to customers in 2012 (at CBO estimate of \$15/ton).



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Waxman-Markey's Impacts on Alaska

- **Increase** electricity prices for Alaskan households and businesses by **up to 19%**.
- **Shrink** the disposable income of Alaskan families by as much as **\$1,227 per year**.
- **Reduce** Alaska's gross state product by as much as **\$1.4 billion** by the year **2030**.



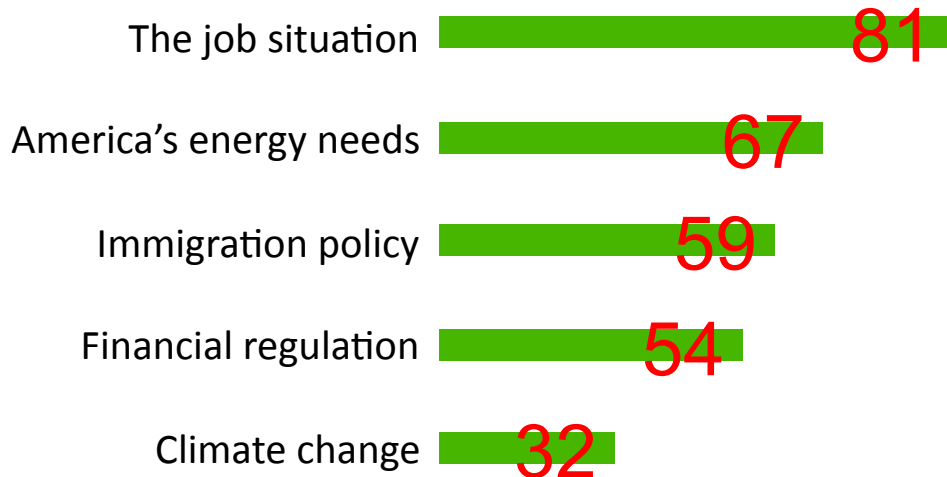
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Energy Action Priority for Voting Public

PRIORITIES FOR CONGRESS

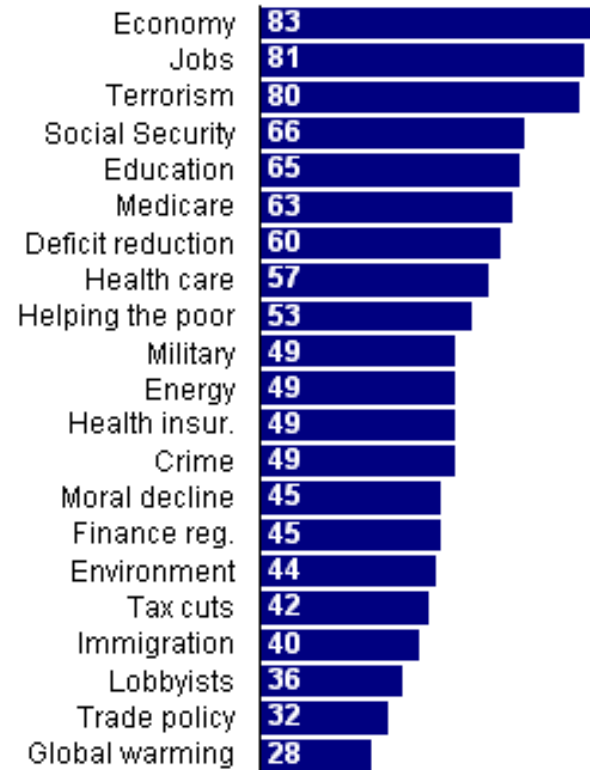
% very important for Congress to act on...



Source: Pew Research Center & National Journal Poll (May 18, 2010)

Top Priorities for 2010

% rating each a "top priority"



Source: Pew Research Center (January 25, 2010)



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U.S. Strategy-More Realism

“NO SILVER BULLET APPROACH”

- Increase domestic oil and gas
- Recognize role for nuclear and clean coal
- New alternative transportation fuels
- Sustainable policy on renewables
- Modernize our infrastructure
- Exert authority to get beyond NOPE syndrome
- Invest in our technology solutions and our intellectual foundation for innovation
- *Achievable Climate Approach*



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Road Ahead: Clouds on the Horizon

- **HAVE:** Growing gap between Public and Policymakers
- **NEED:** Transparent dialogue on costs and benefits of proposed policies
- **DON'T KNOW:** Role of private sector vs. public sector
- **IN JEOPARDY:** America's investment climate and competitiveness

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