



To: Federal Policy Committee
Date: September 15, 2008
Subject: Report of Senate Energy Summit

On Friday, September 12, the Senate Energy Committee hosted an all-day energy summit. The Committee convened the Summit at the request of Senate Majority Leader Harry Reid (D-NV) to facilitate the development of comprehensive energy legislation. A witness list for the Summit can be found at http://energy.senate.gov/public/index.cfm?Fuseaction=Hearings.Hearing&Hearing_ID=4290981b-b651-5431-a85d-b8394885740d.

The following is a brief summary of the Senate Energy Summit. If you have any questions, or comments, please contact Ruth in the Council's offices.

Overview

Senate Majority Leader Harry Reid (D-NV) and Minority Leader Mitch McConnell (R-KY) opened the Energy Summit. Both Senators spoke of the need to address energy policy on a bi-partisan basis and indicated that the development of the bipartisan "Gang of 10" energy proposal – which was later expanded to the "Gang of 16," has now expanded to the "Gang of 20." Senate Energy Committee Chairman Jeff Bingaman (D-NM), chaired the Summit after Senator Reid and McConnell left to tend to other business. Senator Bingaman was joined by Ranking Member of the Energy Committee Pete Domenici (R-NM), who was recognized for his efforts on energy legislation during his Senate tenure. Senator Domenici is retiring at the end of this Congress.

There seemed to be a fair amount of support for issues supported by the Council expressed by Senators who attended the Summit, as well as some of the witnesses. For example, Senator Reid talked specifically about the need for better energy efficiency in buildings and more energy produced from renewable energy resources, as well as the need for better fuel efficiency in vehicles. Senator Reid said most of today's cars average 13-21 miles per gallon, which is the same fuel efficiency as the Model T.

Senator Reid urged the nation to view the current energy situation as an opportunity, rather than a crisis, and said that the energy situation could be the impetus to create green jobs here at home.

Others felt that it would be unrealistic to think the nation could move away from a fossil fuel fired economy overnight, and that the shift to a cleaner economy would require a significant investment – in the neighborhood of \$40 to \$50 trillion. While renewables have become an important part of the energy mix, according to some witnesses, the need for fossil fuels isn't going to go away.

There was a fair amount of support for better energy efficiency measures from both Senators and witnesses. One of the witnesses said policy makers need to balance energy like a triangle, with the economy at one point of the triangle, the environment at another point, and national security at the third point of the triangle. Right now, energy efficiency is the only thing that is balanced at the center of the triangle; everything else has trade-offs. It was suggested that the nation look to the work that the State of California has done on energy efficiency. Per capita energy use in California has remained flat whereas nationwide it has increased. The three main energy efficiency measures California has undertaken include:

- Decoupling (utilities have had an incentive to promote energy efficiency)
- Aggressive building codes
- Efficiency standards for appliances, and electronic equipment

Senator Kent Conrad (D-ND) also expressed strong support for better energy efficiency measures. He mentioned a company in North Dakota that had undertaken some energy efficiency measures (replaced lighting and engines) and saw huge savings. He said building energy efficiency would be an issue he would be pursuing.

A number of the witnesses at the Summit also said that an economy-wide price of carbon should be set. There was also support expressed for a strong RPS, EERS, tax credits, smart meters, improvements to the national grid, revenue decoupling, and research and development.

Daniel Yergin, with Cambridge Energy Research Associates, said that a TIME Magazine article from 30 years ago outlined the same agenda for the nation's energy future, as we are doing today. The TIME article, which was written before the 1973 oil embargo, referred to the ten-situation as an "impending disaster."