

Assuring Access to Clean and Competitive Energy

The United States will depend on hydrocarbon-based energy for years to come, but diversifying the nation's energy portfolio is essential for increasing its energy security. Currently, the United States relies almost entirely upon liquid fuel for transportation (which is 94 percent dependent on petroleum) and on electric power. Twenty-six percent of the nation's energy is imported, primarily by the transportation sector, accounting for 45 percent of the U.S. merchandise trade deficit in 2008.¹

Use It All and Price It Right

The Council Recommends that:

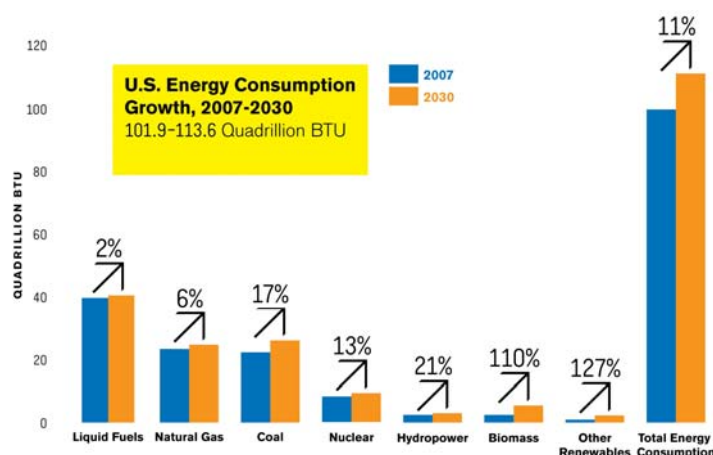
- Congress establish a national, low-carbon energy standard for electric utilities that encompass a minimum of 25 percent renewables by 2025.
- Congress establish a price floor for gasoline that is sufficient to accelerate demand for fuel-efficient vehicles.
- Congress enact legislation that will result in the establishment of a consistent, predictable and transparent price on carbon emissions.

There are many advantages to a diversified energy portfolio—in addition to enhanced energy security—such as promoting competition, lowering energy prices and reducing energy price volatility. The price of oil does not reflect its harmful impacts on our national security or the effect on our economy of sending vast amounts of money overseas for imports. Energy prices today also do not reflect the costs inherent in the carbon emissions that result from the combustion of fossil fuels. While industries are concerned about the high costs of complying with carbon constraints, leading experts predict that the costs of non-action or delay will be far higher.

Enormous investments will be required to transform the nation's energy system. Stable, long-term price signals are perhaps the most important pre-condition for driving the increased levels of investment required to meet growing energy demands in a more sustainable manner.

U.S. Energy Demand Is Projected to Grow 11 Percent by 2030, with Coal and Renewable Energy Consumption Experiencing the Fastest Growth

Source: *Drive*, Council on Competitiveness (2009)



Note: Graph represents analysis of data from the Energy Information Administration.

Power from renewable energy sources was the fastest growing portion of U.S. electricity production in 2008, but renewables still only account for nine percent of total electricity generation.

In addition to investment decisions, the modernization of energy production also faces extensive regulatory barriers. Federal-state regulatory conflicts, environmental concerns, aesthetic preferences, highly localized planning processes, investment strategies and regional policy differences have all played

roles in driving current patterns of infrastructure development. These competing interests make it difficult to permit and build major energy facilities.

Energy Permitting: The Regulatory Picture

In the United States, environmental impact statements for coal-fired power plants can be up to 1,700 pages in length. One hundred planned coal power plants have been cancelled because of stalled permitting or financial unfeasibility.²

No streamlined regulations exist for small power projects. Small wind power projects in Massachusetts, for example, are subject to more than a dozen stakeholder permitting decisions.³

The Nuclear Energy Institute estimates that even with new licensing procedures, the permitting process for a new nuclear reactor could take eleven years, with four of those years devoted to the review of the license by the Nuclear Regulatory Commission.⁴

In Drive: A Comprehensive Roadmap to Achieve Energy Security, Sustainability and Competitiveness (September 2009) and Prioritize: A 100-Day Energy Action Plan for the 44th President of the United States (September 2008), the Council detailed actions to be taken by the federal government in six critical "pillars" as necessary for true breakthroughs in U.S. energy production and use to be achieved. Below are additional recommendations from Pillar 2: Assuring Access to Clean and Competitive Energy.

Additional Recommendations:

- The National Governors Association develop by 2012 a roadmap to rationalize state and federal siting, permitting and planning processes for critical energy infrastructure.
- The U.S. Department of Energy ensure that utility-grade solar, wind, geothermal and biomass power generation facilities are provided access to the grid on a non-discriminatory basis.
- The Nuclear Regulatory Commission set appropriate review schedules for permitting of new nuclear construction.
- The U.S. Government create a commission to examine and make recommendations for new alternatives to dispense proliferation-resistant spent nuclear fuel from existing reactor sites.
- Congress grant the Federal Energy Regulatory Commission authority to approve applications for long-term geological storage of carbon emissions and enact legislation that establishes a clear legal and regulatory structure for this storage.
- Congress link any federal gasoline tax to the corporate average fuel economy (CAFE) standard and direct its usage to transportation-related energy efficiency and R&D.
- The U.S. Department of the Treasury should lead a Cabinet-level working group on clean energy incentives to construct a transparent, non-discriminatory, long-term and consistent investment framework to promote affordable clean energy.
- The White House Office of Management and Budget should create a cross-governmental task group to identify barriers to various sources of energy production.

For More Information: Visit our website at Compete.org to find the full reports or contact Susan Rochford, Senior Vice President, at 202 969 3384 or SRochford@compete.org.

¹ U.S. Bureau of Economic Analysis, *Quarterly Imports of Exports of Goods*, Washington D.C.: U.S. Department of Commerce. 2009, and Energy Information Administration, *Annual Energy Review 2008*, Washington, D.C.: U.S. Department of Energy. June 2009.

² Eccleston, C. H., *NEPA and Environmental Planning: Tools, Techniques and Approaches for Practitioners*, 2008.