

Energy and Environmental Study Institute
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Introductory remarks by Amory B. Lovins
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Thank you, Congressmen Wamp and Udall, for your longstanding energy leadership, and for your and EESI's gracious hospitality here today.

Let me introduce our panel's discussion by explaining the origin and purpose of the National Energy Policy Initiative—an independent, nonpartisan effort to bring to bipartisan policymakers some of the best thinking our nation offers on creative and farsighted energy policies. My colleagues will seek to link the Initiative's lessons to currently pending legislation, so the lessons learned can inform Members' deliberations both this year and in future sessions.

The National Energy Policy Initiative reached a challenging conclusion. The United States' energy policy has inadvertently created serious threats to the nation's security, prosperity, and environment. Yet the Initiative also found that a well-integrated set of proven policy innovations can improve security, the economy, *and* the environment, simultaneously and without compromise. When we put aside conflict and focus on shared objectives, we can reach pragmatic, effective agreements that turn tradeoffs into synergies. We can enjoy the lifestyles we want, with abundant hot showers and cold beer, mobility and comfort—along with the health, safety, and security that we and our children need.

Over a year ago, my colleagues and I became concerned that the polarization of America's energy policy debate would at best leave many important needs and constituencies dissatisfied, and at worst might create gridlock. But we also suspected that beneath the dissonance lurked a broad middle ground on which a consensus-based policy could be built. We hypothesized that if America focused first on doing what most people agree about, then the things they don't agree about would become less important. And we were confident that bringing together people who had learned the lessons of the past 30 years of energy policy, yet viewed them with a certain detachment, could yield fresh approaches.

In short, we felt the country needed a complementary approach to identifying energy strategies: one that was more independent in its sources and thinking, more strategic in its scope, and more integrative in its vision across boundaries. We sought a process that didn't start from ideology, partisanship, short-termism, or vested interest, but that supported the long view and the broad national interest.

The Initiative's value rests on two innovations in process design, advised by some of the country's leading experts in conflict resolution. First, we started inclusively, by asking *every* constituency we could find that was concerned about energy what *they* wanted and why, then searching for common values and goals. Second, we structured the Initiative to be irreproachably transparent, open, fair, inclusive, candid, and clear, because both informed citizenship and policy effectiveness demand it. Our "customers" in the Congress and the public wouldn't give due weight to our work if its design didn't inspire confidence.

Let me next describe the NEP Initiative's process, to help you understand its findings. First, an expert team from the Consensus Building Institute interviewed 75 energy constituency leaders ranging from nuclear and fossil-fuel suppliers and electric and gas utilities to energy-consuming industries, consumer groups, labor unions, clergy, and environmentalists. All agreed to be interviewed without attribution. Each could amend the assessment report that we synthesized from all the interviews. All the interviewees then agreed to have their names and affiliations included in their report to indicate its breadth and balance.

This assessment of constituencies' wishes, goals, and values enabled us to identify an even larger zone of agreement on both goals and specific policies than we had dared to hope. While areas of contention remained, we were encouraged at how many groups with seemingly irreconcilable agendas all wanted a secure country, a vibrant economy, a safe and healthful environment, and a fair and resilient society. All were thinking about the children and grandchildren, at home and around the world. Their differing means led to similar ends.

The assessment report of these 75 interviews was sent to its contributors and printed at the back of the written report. Its main purpose was to inform an Expert Group of 22 independent energy policy authorities whom we convened at Airlie House, near Warrenton, Virginia, on 1–3 February 2002. This intensive workshop was facilitated by Larry Susskind, an MIT / Harvard Law professor in conflict resolution, and by his colleagues at the Consensus Building Institute, which he leads. By design, the Expert Group of industry and government experts did not include serving public officials or employees of advocacy groups. It reflected a broad spectrum of political and economic perspectives. Its members were chosen for distinction and deep experience in the private and public sectors, and for their integrity, independence, clarity, and vision. They were asked not to represent constituencies or conduct stakeholder negotiations, but they were well aware of the views and needs of diverse constituencies. They sought to come together and stake out that large middle ground in the public interest, emphasizing what unites us rather than what divides us.

Here are some of the ways in which the sponsors designed the NEP Initiative's process for transparency:

- All funding came from the seven listed private foundations, but they weren't participants, couldn't nominate anyone, and couldn't influence structure or outcome.
- The two nonpartisan nonprofit organizations doing the work discounted deeply from their normal charges, and their three principals donated all their time.
- The 75 diverse interviewees were asked to suggest additional members for the Expert Group, a half-dozen of whom were invited.
- The identities of all interviewees and invitees, the biographies of the Expert Group, and all reports were promptly posted on the website and made available as a CD-ROM and in hard copy.
- Although I convened the Expert Group, I had just one voice among 22, and had no special influence on the outcome. The Consensus Building Institute alone controlled the editorial process, because that organization is devoted to conflict resolution, not energy policy, and represented all 22 experts.
- Drafts were circulated to ensure that every single one of the signatories and supporters agreed with the final document, because the touchstone of our process was consensus, not dominance or partisanship.

The Expert Group's report describes a set of overarching ideals, goals, and policy options to help promote an enduring national energy strategy. It can enable Americans to enjoy more abundant, more secure, and more environmentally sound energy services in the future by adopting more farsighted policies today. We hope this report will help Members of both Houses and Parties as they seek to reshape national energy policy. This seems to happen about once a decade. Now is our generation's best chance to build policy to last.

One important way to do this is to capture the benefits of seeing four key areas—transportation and mobility, electrical services, energy security, and climate—as a unified whole. Over and over, the Expert Group found that policies helpful in one of these areas would also help the rest. The same was true for the overarching areas of energy research and development and of federal procurement. This often made it hard to decide under which theme to describe a given policy suggestion. That indicates an integrated, synergistic policy framework, where each effort brings multiple benefits.

On 14 March, we reported the findings of the NEP Initiative in an event on the Senate side addressed by Senator Bingaman (D-NM) and Congressman Bartlett (R-MD). The report has been sent with Dear Colleague letters to all members of both Houses. Extra copies are available here today, and the report and all other materials from the Initiative are posted at www.nepinitiative.org.

The report has so far been endorsed by 33 distinguished energy policy experts. Half are or were senior executives in the energy industries. The other half have public-sector backgrounds including:

- Two Advisors to the President and one of their deputies
- Two Deputy Secretaries of Energy
- A Director of Central Intelligence
- Five subcabinet members from the Departments of Energy, State, Defense, Commerce, and EPA
- Two senior staff economists from the President's Council of Economic Advisors
- A Congressional Energy & Power Subcommittee Chair and his staff director
- Chairs or members of two Federal and three State energy regulatory commissions—one a President of the National Association of Regulatory Utility Commissioners
- Senior policy and technical professors from Harvard, Princeton, Stanford, Berkeley, and Cambridge Universities

This range, including strong advocates from a wide range of political persuasions, encourages us to think that our open process has, as hoped, contributed usefully to a bipartisan energy strategy.

Next my colleagues Bruce Smart and Jack Riggs, both members of the Expert Group, will offer their perspectives on the process and value of the NEP Initiative. Then we will summarize its main findings in the context of current legislative activities.