

**Introductory remarks by Amory B. Lovins
CEO (Research), Rocky Mountain Institute
Convenor and participant, National Energy Policy Initiative
364 Dirksen Senate Office Building, 0830 EST, 14 March 2002**

Thank you, Senator Bingaman, for your longstanding energy leadership, and for your gracious hospitality here today.

I'm Amory Lovins, CEO (Research) at Rocky Mountain Institute—an independent, nonpartisan, nonprofit, entrepreneurial applied research center in Old Snowmass, Colorado, and a consultant to energy industries and policymakers worldwide for the past three decades.

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.

The National Energy Policy Initiative reached a challenging conclusion. The United States' current 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, practical 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 we and our children need.

Nearly 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. We also suspected that beneath the dissonance lurked a broad middle ground on which a consensus-based policy could be built. We felt 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 from widely shared objectives and principles, and craft innovative policies to do end-runs around the old trench warfare. Bringing such people together, and concisely synthesizing their insights, might help to inform, speed, and clarify the legislative process.

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.

Some of the country's leading experts in conflict resolution, such as Larry Susskind and Bill Ury, helped us devise a process that could help elicit the hidden consensus and express it compellingly. Rocky Mountain Institute joined with another nonpartisan nonprofit group, the Consensus Building Institute, to refine and execute that process, starting last fall.

Of the scores of noted energy experts we invited to participate, not one declined because he or she felt the Initiative was a bad idea. Across the entire political spectrum and the full range of industries and organizations, all felt it was the right thing to do, came at the right time, and would be good for the country. The degree of consensus finally achieved was similarly broad and gratifying. Even eminent

experts who, for one reason or another, couldn't endorse every aspect of our report nonetheless tell us they consider it an excellent piece of work.

Such success as the Initiative has achieved comes from two innovations in process design. First, we started inclusively, by asking *every* constituency we could find that was concerned about energy what *they* wanted, and searching for common values and goals. Second, we carefully structured the Initiative to be irreproachably transparent. Professor Bill Moomaw of the Consensus Building Institute will tell you how we did that. We took pains to be open, fair, inclusive, candid, and clear, because both informed citizenship and policy effectiveness demand it. We couldn't expect our policy "customers" in the Congress and the public to give due weight to our work if we didn't design it in a way that inspires confidence in where it came from.

We have the privilege today to start reporting today the findings of the Expert Group that met 1–3 February at Airlie House. The vision, goals, and strategies in their report, though not necessarily every detail of the specific policy options offered, have been endorsed by virtually all of the 22 Expert Group participants and, so far, by an additional ten experts who were invited but unable to attend. The endorsers are listed at the front of the report and in the supplementary sheet tucked into it. We are receiving additional endorsements as other invitees catch up with their reading. So far, our endorsers include:

- Current or former senior executives from the oil, gas, car, electricity, financial, fuel-cell, and renewable energy industries
- The heads of two of the top energy-industry strategic consulting firms
- Two former Advisors to the President and one of their deputies
- Two former Deputy Secretaries of Energy

- Four former subcabinet members from the Departments of Energy, State, Commerce, and EPA
- Two former senior staff economists from the President's Council of Economic Advisors
- A former Congressional Energy & Power Subcommittee Chair and his staff director
- A former Chair of the Federal Energy Regulatory Commission
- Two former members of the Nuclear Regulatory Commission
- Former Chairs or members of three state utility commissions
- A former 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, encourage us to think that our open process has, as hoped, contributed usefully to a bipartisan energy strategy.

Now I'm honored to introduce Professor Moomaw to describe the process and findings of the Assessment performed by the Consensus Building Institute and the process of the Expert Group meeting. He's a chemist, a public policy expert, and as a former staffer for Senator Bumpers, the author of the law that lets you turn right after stopping at a red light! Then my Expert Group colleagues Bill Nitze and Reid Detchon, both with distinguished public service careers in Republican Administrations, will summarize the Expert Group's findings and recommendations.

**Introductory remarks by William R. Moomaw
Professor of International Environmental Policy, Tufts University, and
Board member, Consensus Building Institute
364 Dirksen Senate Office Building, 0830 EST, 14 March 2002**

Thank you, and especially thanks to Senator Bingaman and his staff for hosting this release of the National Energy Policy Initiative.

Twenty-seven years ago, I worked for a member of the Senate Energy Committee trying to address the first oil shock. We developed energy R&D priorities and new energy incentives and regulations, but this early legislation has not endured because it lacked a long-term vision. To be sure, some of the early successes were dramatic. Between 1979 and 1985, the economy grew 16% while oil use fell 15% and Persian Gulf imports fell 87%. Yet that momentum faded, and now we are back facing the same issues as before, only worse, and too often beset by the same unconstructive spirit of partisanship and narrow constituency interests.

So when the opportunity came to try a different way to identify national energy goals and opportunities, I was excited to try this independent, nonpartisan approach. I was part of the Consensus Building Institute's team that 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, and each had the opportunity to amend the assessment report that we synthesized from the totality of the interviews. All the interviewees 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 actually wanted similar outcomes. They 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, here and around the world, going into that long future that we all create together.

We sent the assessment report of these 75 interviews to its contributors, and have printed it at the back of the report distributed to you today. Its primary 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. The Expert Group reflected a wide range of industry and government experts, but by design, did not include serving public officials or members 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 exceptional 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.

Although Dr. Lovins and his organization convened the Expert Group, he was just one voice among 22, and neither he nor RMI had any special influence on the outcome. The Consensus Building Institute exclusively controlled the editorial process because CBI is an organization 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.

I'd like to highlight some of the other ways in which RMI and CBI designed the National Energy Policy Initiative's process to make it transparent:

- All funding comes from seven private foundations listed in the report, but they weren't participants, couldn't nominate anyone, and couldn't influence the structure or outcome.
- The two organizations carrying out 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 the reports of the Initiative were promptly posted on its website, www.NEPInitiative.org. The Expert Group report we're releasing here will be posted on that website around 10:00 EST today. These documents are also available as a CD-ROM and in hard copy.

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 Senator Bingaman and his colleagues, of both parties and in both Houses, 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.

With that background, let me ask my colleagues Reid Detchon and Bill Nitze, both members of the Expert Group, to summarize its findings. Reid led the first Bush Administration’s energy transition team, was a senior speechwriter for President George H.W. Bush and Principal Deputy Assistant Secretary of Energy in his Administration, and previously was Legislative Director for Senator Danforth. Bill, President of Gemstar Group, worked 14 years at Mobil before becoming Deputy Assistant Secretary of State in the Reagan and Bush Administrations and Assistant Administrator of EPA in the Clinton Administration.