



Oil, Utility, Train Executives Want Comprehensive US Energy Policy

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DETROIT (AFP)--From oil executives to utility and train operators, the message to Washington was clear: come up with a plan to deal with climate change and lay out a comprehensive energy policy.

Otherwise, the U.S. will lose its competitive edge and have its national security threatened, they warned Monday at a summit aimed at developing a new strategy for dealing with the nation's economic woes.

"You have to have a either cap and trade (system) or else a carbon tax," John Rowe, chief executive officer of electricity and natural gas giant Exelon Corp. (EXC), told the Detroit, Michigan conference.

"It's just basic economics that unless you calculate the externality - the carbon pollution - in the marketplace, the markets will not deal with it efficiently."

This unlikely call for more government involvement comes at a time when President Barack Obama is making a major push to expand the use of alternative energy sources and launch a cap-and-trade system for carbon emissions.

While some executives expressed concerns about how those plans would be implemented, many were equally worried that Obama wouldn't go far enough.

"If we don't get a consistent energy policy that looks 30 to 40 years out, the U.S. won't be competitive," said Samuel DiPiazza, chief executive officer of consulting firm PriceWaterhouseCoopers International.

"The markets have a critical role but they need a framework."

Unlike most industrialized nations, the U.S. has never implemented a comprehensive energy policy, despite decades of hand-wringing in Washington about the country's dependence on foreign oil.

It has been unwilling to impose the high fuel taxes that helped Europe rein in vehicle emissions and has instead let its passenger rail and transit systems crumble while funding the expansion of roads and highways.

The U.S. also failed to ratify the Kyoto Protocol, which sets binding targets for reducing greenhouse gas emissions.

Meanwhile, the electrical grid - like much of the nation's infrastructure - is aging and incapable of handling plans to expand the use of alternative energy sources like wind and solar power.

"We need a national energy policy and a national transportation policy," said Matthew Rose, who heads BNSF Railway, which is headquartered in Forth Worth, Texas.

"In the past, we've let the market sort out all these issues and at times the market insufficiently considers national priorities and the societal impact of market choices."

About half of the nation's electricity is generated by coal and the aging patchwork of transmission lines currently loses 9.5% of its power to congestion and other inefficiencies.

One of the biggest impediments to building a "smart" power grid and cleaner sources of power generation is the "maze of regulations" and opposition that come from municipalities and states, said the head of a firm building power plants and other infrastructure projects.

"Political leaders do not have the time horizon or the technical expertise to effectively plan infrastructure," said Martin Koffel, chief executive officer of URS Corp. (URS).

Koffel said the country needs a federal agency to set national priorities, review projects and have the authority to override objections from state and local agencies.

"Giving a degree of preemption to a single agency is likely to result in clear and understandable regulation and without that policy, you will not attract capital," he said.

With global energy demand forecast to grow by 30% by 2030, the U.S. must prepare for greater competition for energy resources and rising emission levels, said Exxon Mobil Corp. (XOM) senior vice president Michael Dolan.

Sustained growth of lower emission energy supplies can help curb the environmental impact of this growth and improvements in energy efficiency could offset two thirds of energy demand growth, he said.

But the government needs to promote energy efficiency and help fund research and the development of potential solutions like carbon capture.

"We do not need to choose between economic growth and sustainability," Dolan told the conference.

"With stable government policies, long-term vision, the free exchange of ideas, sustained investment, and the power of human ingenuity, we can meet the twin energy challenges of our time."