

Energy Security, Innovation & Sustainability Initiative



**Council on
Competitiveness**

1500 K Street, NW
Suite 850
Washington, D.C. 20005
T 202 682 4292
F 202 682 5150
Compete.org

Overview and Synopsis

May 2009

“High oil prices are transforming the world's political landscape—and launching an era of high-tech innovation that could rival the Internet boom...There is a bubbling and brewing of technological innovation along the entire energy spectrum.”

Daniel Yergin, Chairman, Cambridge Energy Research Associates

VISION

The future economic prosperity of the United States is inextricably tied to our ability to create a sustainable, environmentally prudent and balanced energy system. Creating the conditions that foster investment in the 21st century energy infrastructure, propel private sector innovation and elevate energy management to a more strategic level will help to dramatically improve our economy, environment, national security and standard of living. It will also lead the United States to the forefront of a remarkable new era of technological advances, market and industrial transformation and innovation of all kinds on every scale.

The Council on Competitiveness launched the Energy Security, Innovation & Sustainability (ESIS) Initiative to bring together a cross section of national leaders to address one of the most important issues facing our country. It is guided by a CEO-level Steering Committee composed of a diverse group of chief executives from business, labor and academia who bring strategic and global perspective to the multiple facets of the energy-competitiveness equation.

INITIATIVE GOAL

The goal of the Initiative is to enhance U.S. competitiveness and energy security by developing a public-private action agenda to drive private sector demand for sustainable energy solutions and create new markets, industries and jobs.

The Council is a non-partisan, non-profit organization representing private sector game changers—leaders who can enact new policies, take their organizations to new directions and bring forward new solutions that will have an immediate and long lasting impact on America's energy security and competitiveness.

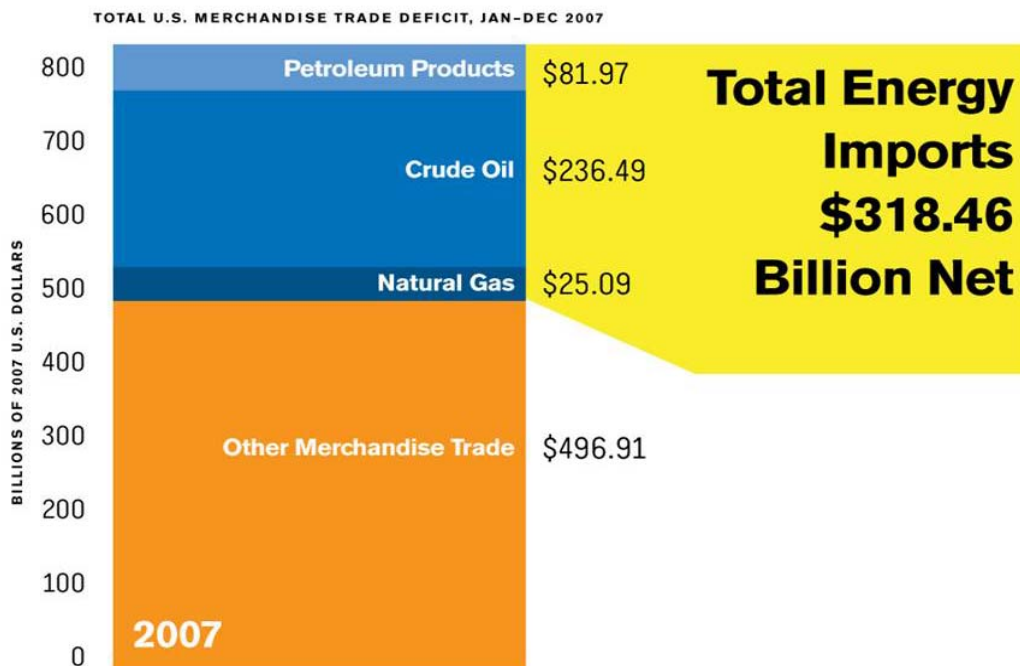
INITIATIVE CORE PREMISES

1. The need for secure, sustainable energy is the defining competitiveness challenge and opportunity of the 21st century.

Meeting our growing energy needs a sustainable way has become a national imperative. Unlike the ‘supply shock’ of the late 1970s, recent fossil fuel-based energy price increases have been attributed to a sharp rise in demand, by both industrialized economies and rapidly growing emerging economies. Global energy demand will continue increasing to unprecedented levels as economic growth pushes standards of living higher for billions in the developing world. Exploiting new fossil fuel resources has become significantly more technologically challenging and expensive as output from older, more readily accessible sources declines. Managing the risks posed by global climate change require meeting energy demand while permanently cutting greenhouse gas emissions from energy production and use by two thirds or more.

The economic toll of the energy supply-demand gap has rippled across our economy. Price increases in oil, natural gas and electric power have cut into the U.S. GDP growth rate in recent years, increased costs to U.S. public and private sector enterprises, reduced the discretionary income of ordinary Americans and substantially increased the nation’s trade deficit.

Energy Imports Accounted for Almost 40 percent of 2007 U.S. Merchandise Trade Deficit



Source: U.S. Bureau of Economic Analysis

As the nation works to transform the way it produces and utilizes energy, the United States is presented with enormous opportunities to improve economic strength and competitiveness. It is vital that private and public sector leaders alike understand and support the business case for pursuing sustainable energy strategies and capture these opportunities for the nation.

2. As the innovators, investors and adopters, the private sector is the pivotal actor at the nexus of the energy challenge and opportunity equation.

It is the private sector that will harness and deploy hundreds of billions of dollars to build and upgrade our nation's energy infrastructure, turnover inefficient equipment and outdated capital stock and develop more energy efficient products and new energy-related services. It is the private sector that must bring the fruits of basic and applied research into the marketplace – at large scale – to meet the twin challenges of energy security and climate change. It is also the private sector that will train, retrain and employ much of the workforce essential to the transformation of our energy system.

The critical role of the private sector in driving energy system transformation has gone largely unrecognized and unaddressed in prior policy initiatives.

3. The private sector needs government to set the enabling conditions to unleash the inherent investment and innovative capacity of American enterprises and create a consistent outlook and regulatory framework for investment decisions and technology development.

The government has the power to greatly strengthen the business case for investment and innovation in sustainable energy solutions. The enabling conditions must be set simultaneously on a number of interdependent fronts to impact energy efficiency, technological innovation, investment, infrastructure modernization and workforce readiness. The transformation of the U.S. energy system will entail a range of actions by the private sector in tandem with a suite of integrated and coordinated policy measures by government at the state and federal levels. There is no one single policy that will mobilize market forces to assure a successful transformation to a secure, sustainable and competitive energy future for America.

DEVELOPMENT OF AN ENERGY ACTION AGENDA

There is widespread consensus and a growing sense of urgency that the nation must achieve higher levels of energy efficiency, transition to new sources of energy, deploy a range of related technologies and services and fundamentally change its mindset around the use of energy. The Council on Competitiveness recognizes that it is in the national interest to move aggressively in this transition, and that when and how we do so has a direct bearing on the current and future competitiveness of our companies, institutions and prosperity of individual Americans.

Progressive Dialogue Series

Through the generous support of the Department of Energy, and under the auspices of the ESIS Initiative, the Council conducted a series of cross-cutting, high-level expert dialogues in 2007 and 2008 to examine the intersection of energy, sustainability and competitiveness. The series was “progressive” in that the outcomes and findings from one dialogue fed into the next. The Dialogues brought forth insights and ideas the various ways in which energy has become a driver of competitiveness, discovered factors influencing business decision-making and investments related to energy and identified conditions that would enable both energy users and suppliers to move forward in deploying more sustainable energy solutions.

100-Day Energy Action Plan

Drawing upon the findings from the Progressive Dialogues, the wisdom of the ESIS Steering Committee and a high-level Advisory group, as well as the research and analysis of many expert organizations, the Council has generated new intellectual capital and synthesized it into a set of priority actions for government leadership. The Council released a 100-Day Energy Action Plan on September 9, 2008. This Plan, titled *Prioritize*, outlined action steps for the next President to take within his first 100 days in office to move the nation forward toward a comprehensive energy security roadmap. These actions marked the beginning, not the end, of a concerted commitment to ensure the United States achieves energy security in a sustainable manner, while maintaining the competitiveness of its workers, industries and economy.

Regional Energy Summit Series

The Council is holding four regional energy summits in early 2009 that will build on the findings of the Progressive Dialogues, leverage the diverse strengths of Steering Committee members, engage high-level thought leaders and other key experts and stimulate collective thinking on key questions. The summits will be held in Texas, New Jersey, Chicago and California. Topics include key public policy, business and technological challenges to sustainable energy supplies; energy efficiency and the Regional Greenhouse Gas Initiative; the future of energy security and sustainability and development and commercialization of new energy technologies.

The National Energy Summit & International Dialogue

The Council will issue its final set of recommendations for the nation—addressing the need for both public and private sector action—at The National Energy Summit & International Dialogue on September 23-24, 2009, in Washington, D.C. The Council will convene its CEO-level membership, top experts in the energy field and representatives from countries around the world to address the interconnected challenges of energy security, innovation and sustainability. The Council's agenda for change will be rooted in a new relationship between the public and private sectors to deal with a defining challenge of the millennium.

ENERGY SECURITY, INNOVATION & SUSTAINABILITY INITIATIVE STEERING COMMITTEE *(As of May 4, 2009)*

Shirley Ann Jackson, *Co-Chair*, President, Rensselaer Polytechnic Institute

D. Michael Langford, *Co-Chair*, National President, Utility Workers Union of America, AFL-CIO

James W. Owens, *Co-Chair*, Chairman and CEO, Caterpillar Inc.

Dan E. Arvizu, Director, National Renewable Energy Laboratory

Thomas R. Baruch, Founder and Managing Director, CMEA Ventures

Alain J. P. Belda, Chairman, Alcoa Inc.

Clarence P. Cazalot Jr., President and CEO, Marathon Oil Corporation

Mary Sue Coleman, President, University of Michigan

Michael M. Crow, President, Arizona State University

John J. DeGioia, President, Georgetown University

Michael T. Eckhart, President, American Council on Renewable Energy

John M. Engler, President, National Association of Manufacturers

Walter P. Havenstein, President and CEO, BAE Systems, Inc.

Richard H. Herman, Chancellor, University of Illinois at Urbana-Champaign

Susan Hockfield, President, Massachusetts Institute of Technology

John D. Hofmeister, Founder and CEO, Citizens for Affordable Energy

Ralph Izzo, Chairman, President and CEO, Public Service Enterprise Group Incorporated

Douglas J. McCarron, General President, United Brotherhood of Carpenters and Joiners of America

Lee A. McIntire, CEO, CH2M HILL

George H. Miller, Director, Lawrence Livermore National Laboratory

C. Daniel Mote, Jr., President, University of Maryland, College Park

Marvin E. Odum, President, Shell Oil Company

Louis Proenza, President, The University of Akron

James H. Quigley, CEO, Deloitte Touche Tohmatsu

John W. Rowe, Chairman, President and CEO, Exelon Corporation

Kenan E. Sahin, President and Founder, TIAX LLC

John P. Selldorff, President and CEO, Legrand North America

Scott D. Sheffield, Chairman and CEO, Pioneer Natural Resources Company

Lou Anna K. Simon, President, Michigan State University

Frederick W. Smith, Chairman, President and CEO, FedEx Corporation

Christopher Stone, President and Chief Executive Officer, SiCortex

John A. Swainson, CEO, CA, Inc.

John Elting Treat, Vice Chairman, Alternative Hybrid Locomotive Technologies

Jeffrey Wadsworth, President and CEO, Battelle Memorial Institute

Joseph L. Welch, President and CEO, ITC Holdings Corp.

S. Pete Worden Brig. Gen., USAF (Ret.), Director, Ames Research Center, NASA

James E. Wright, President, Dartmouth College

Mark S. Wrighton, Chancellor, Washington University in St. Louis

Charles O. Holliday, Jr. *Ex-officio*, Chairman, DuPont

Deborah L. Wince-Smith, *Ex-officio*, President, Council on Competitiveness

ABOUT THE COUNCIL ON COMPETITIVENESS

Who We Are

The Council's mission is to set an action agenda to drive U.S. competitiveness, productivity and leadership in world markets to raise the standard of living of all Americans.

The Council on Competitiveness is the only group of corporate CEOs, university presidents and labor leaders committed to ensuring the future prosperity of all Americans and enhanced U.S. competitiveness in the global economy through the creation of high-value economic activity in the United States.

How We Operate

The key to U.S. prosperity in a global economy is to develop the most innovative workforce, educational system and businesses that will maintain the United States' position as the global economic leader.

The Council achieves its mission by:

- Identifying and understanding emerging challenges to competitiveness
- Generating new policy ideas and concepts to shape the competitiveness debate
- Forging public and private partnerships to drive consensus
- Galvanizing stakeholders to translate policy into action and change

The Council on Competitiveness is a non-partisan, non-governmental action tank located in Washington, D.C.

Contact

Susan Rochford
Vice President, Energy and Sustainability Initiatives
1500 K Street, NW
Suite 850
Washington, DC 20005
T 202-969-3384
E SRochford@Compete.org
Compete.org

Acknowledgements

The Council on Competitiveness would like to gratefully acknowledge the generous support of the Department of Energy in underwriting the Progressive Dialogue Series and related programmatic activities.