

Prepared Remarks – G-8 Energy Ministers
Business Forum
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OPENING STATEMENT

Good morning Excellencies, Ministers, Ladies and Gentlemen. A special welcome to our new Secretary of Energy – Dr. Steven Chu. Not much more than one year ago many of us gathered in Rome for the International Energy Forum and six months before that for the Rome World Energy Congress.

It seems that Rome has become the crossroads of our global energy dialogue, and I congratulate Minister Scajola for organizing this critical meeting at a critical junction in our collective global energy future. Thank you on behalf of the global business community for including business and industry views in your discussion.

I am privileged to co-moderate this session with my friend and colleague Claude Mandil.

We face perhaps the most challenging time in our industries century old history. And we have a tremendous history to be proud of. Energy has lead to the industrialization of much of our global economy. In the past three decades we have significantly improved energy efficiency; we have reduced the environmental impact of energy consumption; we have dramatically improved our collective energy security by diversification of energy resources – both geographically and technologically.

And for those populations served by commercial energy; we have never before enjoyed the convenience brought by electricity including our increasingly digital economy and the personal and commercial value of mobility provided by liquid fuel. Our civilization, our education, health care, economic development, civil society, all aspects of human progress are routed in our use of clean, available, affordable and reliable supplies of energy.

But our progress is not acceptable to our citizens, to our governments, to our customers and it is not satisfactory to our business and industry. We must, we can, and we will aspire to do more. And, we will confront and we will solve the issues associated with climate change. We now face unprecedented financial and investment challenges due to the global financial crisis, the collapse of credit markets, extreme price volatility and significant uncertainty of future energy demands and prices.

With this backdrop we come together to discuss with business and governments:

- How to reduce investment risk;
- How to reduce price volatility;
- And in terms of investments in low emission – clean technology – who pays?;
- And how can cooperation help move these issues forward?

The message that a portfolio of technologies is needed bears repeating:

- Governments can adopt policies that enable rapid deployment of technologies for energy efficiency, energy supply diversity; energy demand reduction and smart delivery of energy resources;
- Governments can encourage public-private sector coordination and cooperation, particularly for transferring technology and management expertise to developing countries;
- Governments can take action to expedite the deployment of advanced clean energy technologies including all renewables, energy efficiency, advanced nuclear, carbon capture and storage, and the recognition that we globally have to further develop our oil and natural gas resources.

On the part of business and industry, we can coordinate our interaction through the World Energy Council and the World Business Council on Sustainable Energy; the International Electricity Partnership and others.

We also must confront the finance issues, both for those countries who lack access to capital for energy projects and those who can finance traditional technologies but cannot support the incremental capital cost of clean energy technologies.

Finally, we at the United States Energy Association have facilitated country to country bi-lateral cooperation with support of our U.S. Agency for International Development.

These efforts should be renewed and expanded by all G-8 nations.

Our industry has a tremendous record of achievement over the past century and particularly the past three decades. We must, we can and we will do more – join with us as governments and business to obtain the goals to which we all aspire.

CLOSING STATEMENT

Mr. Minister, you expressed a desire for an open and frank discussion and here in the first portion of the business session, I believe you have accomplished your goal.

Let me begin by touching on a few points presented in the opening statements, then I intend to point out what I see as major issues where consensus exists and those areas where consensus is lacking.

A clear belief was expressed that an important role for governments is to assure long-term price stability, prices that are both stable and sustainable from both the producer and consumer perspective. One suggestion spoke to adoption of a global price range. Others indicated that markets serve this purpose.

The International Energy Agency presented a self-described “scary picture” by noting that energy sector global capital expenditures are projected to be down 20% from 2008 to 2009; and renewables down 38%. Power generation is expected to decline globally for the first time since World War II and to see a drop of 3.5%. At the same time, huge investments are needed to reduce carbon dioxide emissions and to meet future demands, projected to increase by 60-80% by 2050.

A clear consensus was expressed by the global energy business community that all supply sources and technologies will be needed to meet goals of ending energy poverty, addressing climate concerns and providing for energy security and economic growth. Traditional supply sources, convention oil and natural gas, coal, nuclear, hydro and now renewables must remain options as must new renewables, unconventional oil and gas, and advanced clean energy technologies.

Governments must simultaneously create incentives for clean energy deployment and remove barriers such as access to resources, punitive taxes, trade barriers and other restrictions. As we work through the current financial crises, governments must resist protectionism and allow the free flow of goods, services and human capital, while protecting intellectual property.

Governments and business working together cooperatively can confront the financial investment crisis by recognizing these circumstances that will require three differing sets of solutions:

1. Unfreeze global credit markets, which are stymieing developed countries and penalizing developing countries;
2. Deal with countries that have no access to capital by helping them develop revenue streams to support borrowing; and
3. Deal with countries that in normal times can access capital but can't or won't invest the incremental sums needed to deploy advanced clean energy technologies.

The business community is pledging to work cooperatively with governments and international governmental organizations to develop public policies to help technologies be developed and

deployed. We can work on a bi-lateral country to country collaboration and we can engage governments through international non-governmental organizations as I noted earlier.

Our industry has a tremendous, 100 years plus history of achievement that has served the citizens of the world very well. We can, we must, and we will do better.

Thank you Minister Scajola for inviting the business community into these discussions.

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