

**Remarks By
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To The

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Good morning ladies and gentlemen. It is a great pleasure and honor to be able to bring a Washington perspective to your Clean Tech dialogue. I pretty much agree with the Congressman's remarks. You are fortunate to have as effective and well regarded member of congress representing the specific interests of the Greater San Jose region. Issues that are important to this region are somewhat unique due to the nature of your businesses and industries, but also share some common themes across the country.

Today, the energy business, perhaps more than ever, needs predictability and stability of government policy. We are competing more fiercely with national integrated oil companies; with heavily subsidized renewable energy manufacturers and with both developed and developing countries for access to the basic commodities that are essential for modern society. And I might add, critical to bring the one and one-half billion citizens of the world out of energy poverty, as well as the additional one to two billion who have inadequate access to commercial energy supplies.

Your industries represented on this panel have suffered the uncertainties of having and then not having the production tax credit and the investment tax credit for wind and other renewables. My message to you is to join with the traditional industry. We are your natural allies, not your enemies. Fortune 500 traditional energy companies are the largest investors, manufacturers and developers of renewable energy systems. Please resist the temptation some advocate to strive for renewables only and attack the fossil and nuclear industry in the process.

Carbon policy is front and center in DC these days. Legislative action is certain, perhaps I should hedge and say legislative motion is certain. Perhaps action, defined as a bill from both houses that the President will sign, is less certain. However, both Senate and House Committees will look at the dozen or so bills that have been introduced. Hearings and mark-ups will happen. I think it remains possible that the Administration will try to achieve a domestic legislative victory

if for nothing else, to support their international efforts related to the Major Economies Process for Energy Security and Climate Change.

Washington is also focused on policy barriers to deployment of clean energy technology. This includes a refreshed focus on the intrinsic value of combined heat and power systems; all renewables; advanced cleaner fossil fuels including both pulverized coal and integrated gasified combined cycle systems with carbon capture and storage; certainly the coming nuclear renaissance and mostly importantly, both traditional and innovative technologies and strategies for energy efficiency.

Transmission constraints are becoming more evident and are rising on the radar screen of policy makers. Development of renewables cannot realize the potential they represent without immediate advances in transmission siting, access, development of the smart grid, cost allocation for transmission improvements, and overall grid expansion.

Renewables and other clean and less carbon intensive energy production technologies all suffer from the infamous “NIMBY” – not-in-my-backyard syndrome. More recent clichés are: a) “BANANA” – build absolutely nothing anywhere near anyone (variations exists); b) “NOPE” – not on Planet Earth and lastly, and most recently, c) “DADA” – Design – Announce-Defend and Abandon. These social phenomena apply to wind farms in New England; LNG import terminals on both coasts and now, increasingly, coal plants everywhere. We collectively must help better inform the public of the reality of the energy choices we face.

Energy prices are rising – everywhere. We must all be alert to the prospect of a consumer backlash. Over the past few years, prices have been driven by global fuel price increases and by global commodity price increases. These trends will be compounded by the incremental cost of adding advanced (more expensive) energy technologies and the future added costs of addressing climate changes. In this regard, we must confront the impact on the poorest of the poor globally from rising energy prices and we most collectively figure out how we facilitate the deployment of advanced energy technologies in developing countries.

In addition to these six big picture issues, Washington will confront several other critical policy matters. Work force issues are forefront in every regard. The availability of trained solar installers and wind turbine maintenance technicians have been highlighted as an issue. Similarly, engineers, welders, and other skilled craftsmen are in short supply.

The sustainability of widespread ethanol use is on policymakers’ minds. Global pressures on food prices, particularly grains, are having significant repercussions. Second generation cellulosic ethanol, forestry practices and issues of import tariffs all must be addressed.

Research, development and deployment in energy storage technologies have the opportunity to address the vexing problems with intermittency of wind and solar. Compressed air,

batteries, and ultimately hydrogen may offer solutions, but much more needs to be accomplished.

Finally, clean energy technologies of all variations have sizable contributions to related issues of energy security, economic development and employment. The United States and California, and for that matter the world, consider energy and environment without considering security, economic development and job creation at their own risk. All of these policy issues must be integrated in solutions.

Thank you for including me in today's forum!