



BIPARTISAN POLICY CENTER

April 12, 2011

**An Open Letter to the American People and America's Leaders:
A New Era for U.S. Energy Security**

Recent events in the Middle East, North Africa, Japan, and the Gulf of Mexico have made clear that America today faces new energy challenges. Widespread unrest in the Middle East has precipitated another sharp rise in global oil prices. The East Coast is again closed to offshore oil production, and the nuclear crisis in Japan raises a series of near and longer term questions with global security implications.

For those who experienced the energy crises of the 1970s, these events no doubt feel familiar. The 1969 Santa Barbara oil spill off the coast of California led to a moratorium on offshore drilling on the West Coast that exists to this day. Destabilization and anti-American decisions in oil producing nations, though significantly different from those of today, resulted in severe oil price shocks that damaged the U.S. economy. And the Three Mile Island accident essentially shut down the expansion of nuclear power in this country for nearly three decades. It is often lamented that we tend to focus on energy policy only in times of emergency. The fact that we have experienced analogs to each of these tragedies in the last 12 months is deeply disturbing and demands a hard look at the direction of U.S. energy policy

Without question, our economy—in fact our way of life—is highly dependent on access to stable, affordable supplies of energy. In response to the crises of the 1970s, the United States adopted policy changes that cut the oil intensity of the U.S. economy in half and reorganized government priorities and structures to address the new reality. While some energy goals were achieved, many were not. Since that time, energy policy has stumbled, marked by uncertain goals and shifting priorities, an inability to measure the impact of our choices, and a stark lack of accountability across the government. Without a clear strategy to tackle these problems, our economy will continue to be threatened by events over which we have little to no control.

In our view, these recent events, challenges, and past failures, demand a fundamental reassessment of America's energy policy goals, decision-making structures, and policies—a reevaluation that places energy security at the very center of energy policy.

We have each witnessed and actively participated in dozens of energy planning exercises over the past twenty years. Our nation does not want for a lack of ideas. What we suffer is a lack of discipline and follow-through. Absent a better articulation of our national goals, clear mechanisms to measure our progress and clear accountability, we believe our chances for improving our nation's energy security are bleak.

We understand that these inadequacies are much harder to cure than describe. However, we know that our government can do better. Specifically, we urge the Congress and Administration to take the following steps:

- Initiate an active and public process to identify a small number of specific, credible, actionable energy security goals, including a gradual but steady reduction in the oil intensity of the U.S. economy to protect against recession;
- Develop detailed, clear, and rigorous metrics to measure our energy and economic security;
- Create accountability within government for ensuring these goals are met.

While our new challenges are daunting, we believe our nation's new energy opportunities are even greater. America's ability to increase traditional domestic oil and gas supplies and use emerging technologies to create new energy sources can grow dramatically if we make increased domestic production a sustained national priority. In particular, recent advancements in shale gas production and the prospect of cleaner electricity generation, coupled with plug-in hybrids and electric vehicles, could allow us to once again dramatically decrease oil intensity. From wind and solar to advanced biofuels, modular nuclear power, geothermal energy and energy efficiency, we are only beginning to tap the power of technology to unlock our domestic resources, not to mention funding long-term breakthrough technology creation. We hope to be of assistance to President Obama, the Congress and the nation by offering a framework of the energy goals, metrics and accountability we believe are mission critical to success in this new era for U.S. energy security.

New Goals

Undefined political terminology colors and distorts our national discourse on energy security. Terms such as "energy independence" and "oil addiction" are frequently used without any clear, defined meaning. Goals such "reducing oil imports from the volatile Middle East" ignore the reality that oil is a global commodity—supply disruptions and

price shocks in any part of the world will drive up the price of oil in the U.S. and harm our economy. Such vague terms and undefined goals capture the public's sense of insecurity but offer little direction in our pursuit of improved security.

We must move beyond the ill-defined and potentially counter-productive idea of "energy independence" in favor of near-term, achievable goals that gradually, but decisively, shift our economy away from oil. Near-term goals might include specific targets for expanding and diversifying oil production globally, strengthening international cooperation on petroleum reserves, and working with other nations to ensure spare production capacity is available in the event of a major supply disruption.

Over the mid to longer-term we must aggressively pursue policies that continually reduce the oil intensity of the economy as a whole and, in particular, the transportation sector's near wholesale dependence on oil. While oil dependence poses the most direct energy driven threat to our national security, other issues including nuclear proliferation and climate change must also be considered. The effort to define goals should evolve over time, but at the outset we need a few simple and robust ideas to anchor a sustained energy security program.

Measuring for Success

The U.S. government and private firms collect vast sums of data regarding energy supplies, production, and consumption. What is lacking, however, is a clear and concise set of metrics to help policymakers and the public understand if we are making adequate progress toward our stated goals. Those of us who served in Congress have voted for numerous provisions designed to improve energy security. In 2005 and 2007, Congress passed significant legislation with broad bipartisan majorities with the explicit goal of improving our security. Did they? We think so. By how much? No one can say. Since passage of these bills, we have seen a modest increase in domestic oil production and alternative fuels, as well as an increase in vehicle fuel economy. Did we do enough? Probably not, but no one can go back to Congress or the Administration and demonstrate that we are on or off the desired course. There is an old aphorism in business and government that, "you manage what you measure." In the absence of effective ongoing measurement and regular feedback, it is hard to imagine Congress maintaining the discipline to stick with a long term strategy.

Creating Accountability

Who is ultimately responsible for overseeing the multiplicity of agencies and programs designed to enhance our energy security? Respecting the vital role of the Department of Energy in energy policy and security, we believe that the President must designate a lead individual to coordinate U.S. energy policy out of the White House or from the Cabinet. While not presuming to dictate Executive Branch staffing, we believe that a concerted effort to coordinate government actions around an actionable definition of energy security remains an important facet of an effective effort. Situating this role in a position that is accountable to Congressional oversight would enhance the necessary partnership between Congress and the Executive Branch. We must restructure and reorganize the government's energy security approach or we will fail to meet the challenges of the 21st century.

Other Challenges

Our energy security challenges and opportunities extend well beyond oil reliance. The increasing energy demands of emerging nations, a globalized race for key resources and the potential for destabilization of entire countries and populations due to factors as various as climate change, rising food prices, and the global push for greater democratic freedom all impact American energy policy and security. As the tragedy in Japan and ambitions in Iran remind us, the future for nuclear power remains uncertain. Increased public concern about the safety of facilities and the potential that civilian power programs will be used to mask weapons proliferation must be addressed. At the same time, growing nuclear power development in China and elsewhere raise new questions about the extent to which U.S. security and influence will be undermined if we relinquish our current leadership in civilian nuclear technology. Meanwhile, developed and developing countries will be pursuing aggressive energy security strategies of their own, perhaps bidding up key resource prices in a race to secure energy, and subsidizing domestic energy-related industries as part of industrial policy that will challenge American competitiveness.

For all of these reasons, we must aggressively pursue policy approaches that emphasize national and economic security. Against the backdrop of unsustainable national debt, we recognize the necessity of targeted, limited and strategic investments. We also believe that many current programs are inefficient presenting the opportunity for savings and revitalization. Still we share the strong view that investment in energy

technologies and security are so central to American interests that they must be a budgetary and policy priority.

Ours is an era of remarkable change around the globe—much of it hopeful, some threatening. It has been 38 years since the Arab Oil embargo awakened our nation to the dangers of oil dependence. Despite a reasonably clear appreciation of these risks, we have perpetuated, and in some cases exacerbated the underpinnings of our vulnerability. We are running out of time.

Just as we effectively responded to the challenges of the Cold War, the space race, globalization and terrorism, so too we must unify as a nation in a bipartisan manner around this new era in energy security. We look forward to working with our government and our nation's great resource of scientists, engineers, business leaders, and indeed all citizens, to rededicate the nation to addressing this critical challenge.

Sincerely,



Former Senator Byron Dorgan
Co-Chair
Bipartisan Policy Center Energy Project



General Jim Jones
National Security Chair
Bipartisan Policy Center Energy Project



Former Senator Trent Lott
Co-Chair
Bipartisan Policy Center Energy Project



William K. Reilly
Energy and Environment Chair
Bipartisan Policy Center Energy Project