



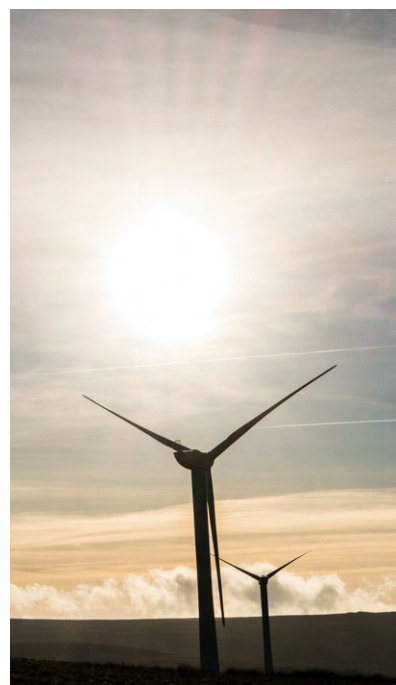
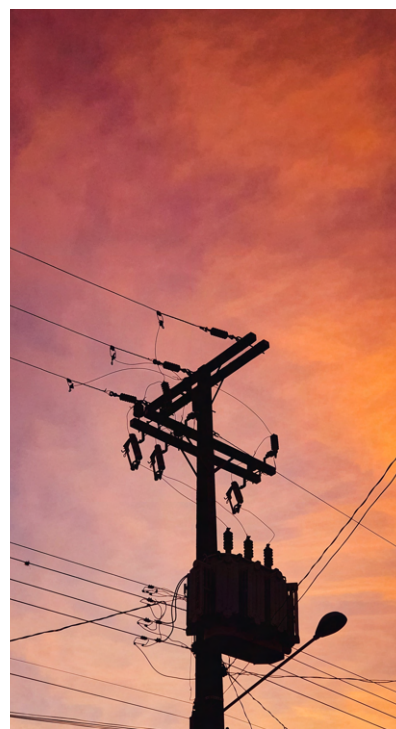
Guiding Principles for Sound Energy Policy

Outcomes from an OurEnergyPolicy
Discussion Series



August 2021

 OurEnergyPolicy





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Foreword from OurEnergyPolicy

The mission of OurEnergyPolicy (OEP) is to facilitate substantive, responsible dialogue on energy policy issues and provide this dialogue as a resource for the American people, policymakers, and the media. In doing so, we inform and support the creation of sound and effective policies. OEP seeks to encourage dialogue representative of viewpoints from across the energy sector, rather than advocating for any specific political, programmatic, policy, or technological agenda. As part of this mission, OEP started an initiative to produce a list of principles that can guide the creation of sound energy policy and convened several discussions to reach this objective. The goal is for policymakers at any level of government—and of any political affiliation—to use these principles to guide the development of well-constructed energy policies.

OEP held three separate conversations with energy leaders to explore this concept: a February 10, 2021, webinar; an online, written discussion in February; and an April 14, 2021, stakeholder roundtable. In this paper, we highlight points of consensus and various points of view by participants of these discussions. All three conversations were structured to include experts from across the political spectrum and to include energy leaders with extensive experience in government, non-profit organizations, academia, finance, law, and industry. We are grateful to our participants for their involvement. We would also like to highlight the involvement of the J.M. Kaplan Fund, the generous support of which has made OEP's 2021 roundtables possible. The opinions expressed here do not necessarily reflect the views of the J.M. Kaplan Fund or the individual participants listed. The principles and associated content also do not express the position of OEP, which, as a non-partisan organization, does not advocate for any particular policy or approach.

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1. Introduction: Defining and Framing the Issue

The energy sector is extremely complex and contains many viewpoints, opinions, and conflicting priorities. As the energy transition to a reduced-carbon and ultimately carbon-free future continues, the sector is being forced to transform and adapt to meet new and difficult social, environmental, economic, and political challenges. It is more important than ever to craft policies that have broad support and that can effectively address these challenges.

Members of the OurEnergyPolicy (OEP) community proposed that we seek to create a set of defined principles that could be used to guide the creation of sound and effective energy policy, regardless of political affiliation or personal opinions. OEP convened three discussions to explore this question in-depth and to create a suggested list of principles that should be considered when creating legislation and regulations that will have a direct impact on the energy sector.

The first and second of these discussions were structured around a webinar hosted on February 10, 2021. The session was led by Steven Berkenfeld (Founder and Principal of Ecotopia Consulting, LLC) and featured Marilyn Brown of the Georgia Institute of Technology, Dale Bryk of the Regional Plan Association, and Peter Fox-Penner of Energy Impact Partners. The event also featured opening remarks from Senator Lisa Murkowski of Alaska and Congressman Paul Tonko of New York, both of whom spoke to the importance of the issue and discussed their own list of principles, which are included at the end of this document. An online conversation in OEP's discussion forum followed this webinar and offered OEP's broad and nationwide community the chance to express their opinions on the topics that our panelists covered in the webinar.

The third and most in-depth discussion was a roundtable held on April 14, 2021, that consisted of 11 energy policy experts representing industry, government, non-profit organizations, academia, and more. During the roundtable, participants reviewed and expanded on the previous two discussions, offering their thoughts on the principles previously suggested and adding their own suggestions to the list. Participants also devoted time to addressing the criteria for what makes a suggestion a "guiding principle" as opposed to a policy goal.

At the end of the discussion and with participant input, OEP compiled a full list of suggested principles, evaluated the conversation around each, and distilled the list down to a subset of what may be considered "guiding principles." At the suggestion of participants, efforts were made to limit this list as much as possible, with the understanding that an exhaustive list of principles would be dilutive and inconsistent with the core objective of this initiative. In determining which to include, suggestions were considered with the following definition of a guiding principle in mind: a fundamental value considered to be of elemental importance, and that should be prioritized in all energy policies. The resulting list is composed of seven broad principles, in no specific order of importance, that meet this definition.

2. Principles from OurEnergyPolicy Discussions

1. **Reliability** - Our energy systems must be reliable and resilient enough to withstand extreme weather events, including those exacerbated by climate change, and also to address how energy systems will recover when damage occurs.
2. **Affordability** - The energy transition will fundamentally change the energy mix, and we must understand the financial implications for American consumers.
3. **Decarbonization** - On a bipartisan basis, we must ensure that decarbonizing our economy is prioritized in our energy policy.
4. **Equity and Inclusion** - Equity and inclusion are paramount to help all Americans feel valued and understood and must be guiding principles in energy policy, especially during the energy transition.
5. **Integrated Policy** - Energy policies should be drafted with the understanding that our energy systems are interconnected, and achieving one goal may affect our ability to achieve others.
6. **Respecting Sound Science** - Energy policies should be evidence based and in harmony with the best scientific studies and data.
7. **Technology Neutral** - To the extent possible, energy policies should take a technology-neutral, market-oriented approach, as this most efficiently promotes the continued evolution of the energy sector.

3. Description of Guiding Principles

Reliability

Reliability is one of the characteristics of U.S. energy systems that cannot be compromised. This is what the public expects and demands. We rely on dependable energy to keep the American economy running and—as we have seen recently with the February 2021 “Big Freeze” in Texas and the unprecedented heat wave in the Pacific Northwest—loss of electricity service and extreme weather conditions can mean loss of life. Our energy systems must be reliable and resilient enough to withstand everything from cyberattacks to extreme weather events, including those exacerbated by climate change. It is also important to address how energy systems will recover when damage occurs. Even in less extreme situations, loss of power disrupts the economy and American’s way of life. The public expects electricity with a flip of a light switch. The energy system must have enough generation capacity, transmission capability, and operational flexibility to keep up with the pace of consumer demand and to prepare us for every manner of deliberate and natural threats.

Affordability

Affordability is key to assuring that all Americans can access the energy they need to participate fully in our society. Energy burden, the percentage of income spent on energy bills, can vary widely based on a multitude of factors and disproportionately impacts low-income households. Americans' everyday lives depend on affordable energy in order to function and thrive. In addition to knowing that electricity will flow once a switch is flipped and that essential transportation for work and school is available, consumers also want to know they have the financial means to afford these necessities. Individual policies might take different approaches to make energy more affordable, from market-based approaches to lower technology costs to government approaches that can assist lower-income Americans. The energy transition will fundamentally change the energy mix, and affordability must be fundamental to policy development and implementation.

Decarbonization

As the world has recognized, we must ensure that decarbonizing our economy is prioritized in our energy policy. Climate change represents an existential threat to the basic systems of modern society. Addressing the challenge of decarbonization has ramifications for agriculture, housing, health, and other sectors of the global economy. Policy should reflect that the energy sector is a chief contributor to greenhouse gas emissions globally, and strive to limit, reduce, and eliminate emissions wherever possible. However, as we decarbonize, we should also ensure we are not unnecessarily sacrificing other principles and find ways to address challenges holistically.

Equity and Inclusion

Equity and inclusion are paramount to help all Americans feel valued and understood and must be guiding principles in establishing energy policy, especially during the energy transition. Equitable policy must take into account likely impacts on various communities, identify inequities, and seek to ameliorate the disparities. Stakeholder engagement must reflect diverse communities, with equal consideration given to all. Evaluating and amending past practices that have historically excluded more vulnerable groups from the policy creation process will enable future energy policies, including facility siting, to incorporate the input, ideas, and opinions of those who could be adversely impacted.

As the country works to decarbonize its energy systems, we must also consider a just transition and how employment in various regions can be impacted both near and long-term. The invitation for engagement with all communities and constituents is essential to achieving the desired outcomes of new projects and policies. An inclusive process breeds better and more diverse ideas and promotes stakeholder “buy-in,” thereby easing policy adoption.

Integrated Policy

Energy policies should be crafted with the understanding that our energy systems are interconnected, and achieving one goal may affect our ability to achieve others. For example, a policy mandating that a vehicle fleet be converted entirely from internal combustion to electric must take into account the carbon intensity of the generating sources that would provide the fleet's energy and the impact on the reliability of the grid. To the greatest extent possible, policies should consider and account for the externalities involved and their relationship to policy goals and guiding principles. It should be noted, however, that—as stated by multiple panelists—perfection can often become the enemy of the good, and there are situations where negative externalities may be required. Examples include the impact of offshore wind turbines on the fishing industry, marine navigation, and the subjective beauty of coastlines versus the benefit they provide in producing carbon-free energy.

Respecting Sound Science

Energy policies should be evidence based and in harmony with the best scientific studies and data. Moreover, the use of scientific information in policymaking should involve a two-way dialogue with the public, in which scientists listen as well as inform, especially on matters where a large segment of the public may lack technical expertise. Scientific integrity and credibility benefit from concise and transparent descriptions, which explain thoroughly how experts reached their conclusions. Better public understanding of the underlying science and how policymakers used it will facilitate greater public “buy-in.” Science and policy must work in tandem to allow for the best possible outcomes, and science-based policy must be rigorously evaluated and held to a high standard.

Technology Neutral

To the extent possible, energy policies should take a technology-neutral, market-oriented approach, thereby maximizing innovation and the continued evolution of the energy sector. Policy should set the ground rules by which the sector functions, and then allow ideas and technological innovation to compete in a free market to achieve greater efficiency and affordability. The government should avoid picking technology “winners and losers” in the energy sector. Technology-neutral policies should drive the most efficient solutions and be indifferent to the specific systems that are potentially viable, as long as those systems are otherwise consistent with the guiding principles driving policy decisions.

4. Conclusion

The participants in the three OurEnergyPolicy conversations generated a large number of ideas and recommendations for consideration as guiding principles. Concepts that were discussed, but not selected, include policy goals such as job creation, improving siting processes for energy generation, and general policy characteristics such as malleability and stability. Some specific suggestions were combined into broader principles.

The ongoing energy transition and the issues presented by a changing climate will continue to create major challenges for the sector. Our hope is that by recognizing and incorporating these guiding principles, policymakers in all levels of government can craft and implement well-meaning, sound, and enduring energy policies.

5. Principles from Congress

Senator Lisa Murkowski's Five Guiding Principles

In her opening remarks, Senator Lisa Murkowski (R-AK) listed five principles that she encourages members of Congress and stakeholders to keep in mind:

1. Focus on the future, but make sure goals are achievable
2. Keep the attributes of energy in mind
3. Focus on bipartisanship
4. Follow the regular order process
5. Be ready to compromise, so long as what is being asked is within reason

Congressman Paul Tonko's Principles for National Climate Action

Representative Paul Tonko (D-NY-20) added his own nine principles for national climate action:

1. **Set scientific targets for greenhouse gas neutrality by mid-century.** Congress must enact policies that set certain and enforceable targets to put the United States on a path toward achieving net-zero emissions by no later than mid-century.
2. **A clean U.S. economy must be strong, competitive, and fair.** Congress must ensure emerging clean energy industries provide fair wages and safe working conditions. It must also protect America's energy-intensive and trade-exposed industries from anti-competitive behavior by other nations.
3. **Invest in America's sustainable economic future.** Federal climate action requires congressional support for innovations in technology, policy, and finance to accelerate the clean energy transition and bring down costs of economy-wide decarbonization.
4. **Deliver a just and equitable transition.** Federal climate policies should invest in opportunities and support for communities in high-pollution and climate-exposed areas, as well as provide due consideration and support for workers and communities that have been dependent on traditional energy industries.
5. **Protect low-income households.** Federal climate policy should avoid disproportionate burdens on vulnerable people.
6. **Build stronger community resilience to new climate realities.** Federal climate policies should ensure that all Americans are protected from climate-related harms, regardless of where they live.
7. **Empower state, local, tribal, and territorial governments.** These are often in the best position to enact innovative policies to manage or prevent climate change—and many already have.
8. **Avoid harm to first movers.** Federal climate policy should, to the extent possible, complement work already being done by states, municipalities, businesses, and individuals, and avoid penalizing entities that have taken early action.
9. **Create stable and predictable policies.** Federal climate action must create steady, credible, and politically durable policies, send strong investment signals, and deliver long-term certainty to allow for proper planning and implementation while minimizing compliance costs.

As stated above, the material herein reflects the numerous discussions of participants in the OEP-hosted discussions and not the views of OEP itself, which is a non-partisan organization.