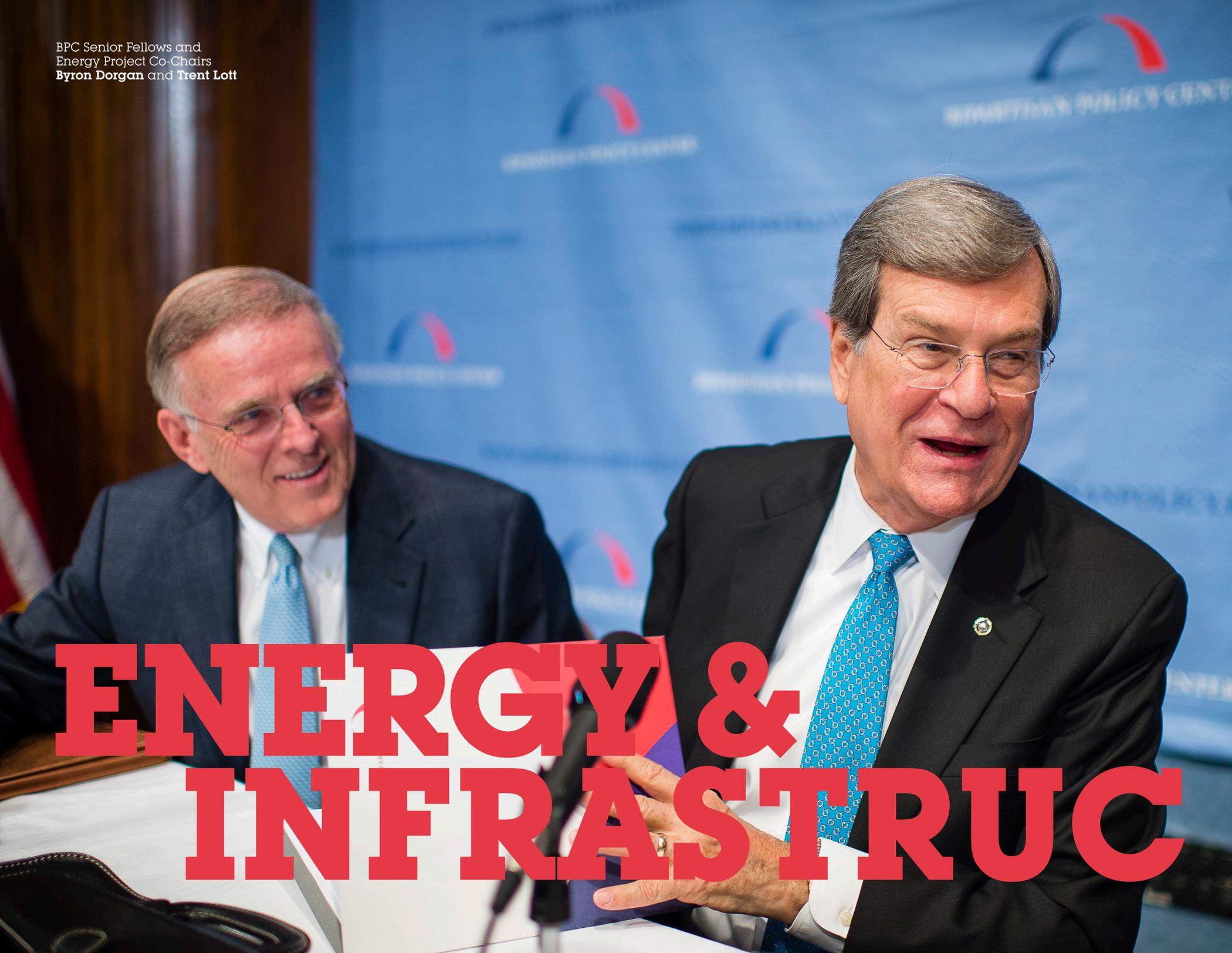


BPC Senior Fellows and
Energy Project Co-Chairs
Byron Dorgan and **Trent Lott**

ENERGY & INFRASTRUCTURE



The U.S. energy landscape is in a state of rapid change. Energy use has declined across the country, and domestic production of oil and gas has surged. In just a few short years, the U.S. energy profile has been transformed to one of surprising strength. At the same time, the domestic energy renaissance poses significant geopolitical challenges and raises new concerns over climate change and environmental sustainability. Meanwhile, U.S. infrastructure—from power plants to pipelines—is straining to keep pace with these new dynamics while the nation’s most exciting innovators strive to lead the way in energy breakthroughs in an increasingly competitive environment. The Energy and Infrastructure Program works with a diverse array of stakeholders to tackle the tough issues affecting America’s energy and environmental future.

ENERGY PROJECT

2013 was a big year for BPC’s Energy Project. The Strategic Energy Policy Initiative (SEPI) released more than 50 recommendations to address new realities in U.S. energy. Specifically, the report prioritized pursuing a diverse portfolio of energy resources, improving the energy productivity of the economy, accelerating energy innovation, and improving energy policy governance. SEPI strongly supported the need for a Quadrennial Energy Review, which is now well underway by the executive branch, and was touted by a bipartisan group of senators on Capitol Hill, spearheaded by Senator Mark Pryor (D-AR).

The Energy Project report, *Capitalizing on the Evolving Power Sector: Policies for a Modern and Reliable U.S. Electric Grid*, offered policy recommendations aimed at improving electric system reliability and facilitating the transition to cleaner electricity and new energy technologies. Key recommendations to encourage the siting of wind production facilities were incorporated into Representative Jim Sensenbrenner’s (R-WI) proposed “Powering America for Tomorrow Act” in July.

The Energy Project also launched new efforts in 2013. A series of high-level events focusing on the new geopolitics of petroleum and natural gas brought together leading experts and policymakers to analyze and assess the domestic and international implications of the U.S. energy resurgence. The Electric Grid Cybersecurity Initiative—a joint effort with BPC’s Homeland Security Project—began deliberating on policy options to protect the North American electric grid from cyber attacks. To examine and debate the Environmental Protection Agency’s upcoming regulation of existing U.S. power plant emissions, BPC led two widely-attended workshops—jointly with the National Association of Regulatory Utility Commissioners—that featured industry experts, state representatives, public utility commissioners, advocacy groups, and others. Finally, the American Energy Innovation Council (AEIC) encouraged more public and private energy R&D in an era of slow economic growth.

URE PROGRAM

Leadership



1

1. **Byron Dorgan**
Former Senator
and BPC Senior Fellow



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2. **Trent Lott**
Former Senate Majority Leader
and BPC Senior Fellow



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3. **General James L. Jones**
Former National Security Advisor
and BPC Senior Fellow



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4. **William K. Reilly**
Former EPA Administrator



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5. **Margot Anderson**
Executive Director of
the Energy Project



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6. **Joe Kruger**
Director for Energy & Environment



7

7. **Tracy Terry**
Director for Energy Security

ENERGY PROJECT

HIGHLIGHTS

Homegrown Energy

The Energy Project's work on natural gas issues in 2013—especially its landmark report, *New Dynamics of the U.S. Natural Gas Markets*—captured the attention of a number of policymakers. The Department of Energy also cited *New Dynamics* in its own work on liquefied natural gas exports. *New Dynamics* focused on the nation's new gas supplies, assessed their impact on the energy system, and explored opportunities to expand natural gas use in ways that improve the economic and environmental performance of the U.S. energy system.

Boom! Oil and Gas in America

The United States is expected to surpass Saudi Arabia as the world's largest oil producer by the end of this decade, shifting significant influence from the Middle East to the West. "Sorting through the ramifications of this revolution is no easy task," said Senator Lisa Murkowski (R-AK)

at the first in a four-part BPC series on the "New Geopolitics of Petroleum and Natural Gas." The series focused on recent and emerging trends in global oil and natural gas production and their impact on energy markets, diplomacy, and economic growth. New production technology has unleashed vast reserves dramatically altering U.S. energy options. The Energy Project is continuing to lead the discussion on these groundbreaking developments. "It is almost as if we are in an economic Olympics," said Senator Ron Wyden (D-OR). "And the United States gets a lead out of the blocks due to natural gas. We want bipartisan policies that extend that lead."

Blackout Prevention: Cybersecurity and the Electric Grid

BPC created the Electric Grid Cyber Security Initiative in May to develop recommendations for how multiple government agencies and private companies can protect the North

"It will take more than improvements in energy efficiency to reduce greenhouse gas emissions to recommended levels."

—Energy Project Executive Director Margot Anderson in *POLITICO*

American electric grid from cyber-attacks. Former CIA and NSA Director General Hayden, one of the initiative co-chairs, indicated that the Internet was not designed to be protected: “We expect the government to control and defend our airspace. I don’t think that’s true—or at least it’s not as true—in the cyber domain.” The Electric Grid Cybersecurity Initiative combines expertise from BPC’s Energy and Homeland Security Project to examine cyber-attack prevention and response, privacy protections, and intelligence-sharing about cyber threats and system vulnerabilities.

The Initiative will release a final report with recommendations in early 2014 and implement an aggressive communications and advocacy campaign.

Power Struggle

In 2013, President Obama highlighted greenhouse gas regulation of power plants as a key feature of his Climate Action Plan. The president also directed the Environmental Protection Agency (EPA) to issue rules limiting the carbon emissions of the nation’s existing fleet of power plants. BPC’s Energy Project, along with the National Association of Regulatory Utility Commissioners, convened a series of workshops to explore a wide range of policy and technical issues. As EPA moves forward, the Energy Project will be analyzing the costs, environmental impacts, and regional implications of these new and far-reaching policy decisions.

“If we fail at electricity, we’re going to fail miserably,’ Curt Hébert, a former chairman of the Federal Energy Regulatory Commission, said at a recent conference held by the Bipartisan Policy Center.”

—*The New York Times*



Executive Director of BPC’s Energy Project **Margot Anderson**

Energized America's New Energy Landscape

The United States is more energy secure than it has been in a generation.

“Our country is in a very different position in terms of energy supply than it was just a few years ago,” says BPC Energy Project Co-Chair Byron Dorgan. “We must use this era of energy abundance as the ideal time to drive a diversity of policies.”

That’s a theme of the Energy Project’s flagship report, *America’s Energy Resurgence: Sustaining Success, Confronting Challenges*, which was among the first to grapple with the broad implications of new U.S. trends in energy efficiency and domestic production. In 2013, the Energy Project made cutting-edge policy recommendations that reflect this new energy landscape, so that the nation can continue to be a global leader in long-term energy prosperity and security.

For some, this meant adapting long-held ideas about energy to a new, dynamic energy scene. “I’ve always been more of a proponent of traditional energy resources and fossil fuels,” says BPC Energy Project Co-Chair Trent Lott, “but through this project, we were each required to budge a little and keep an open mind so the group could reach a consensus.”

That consensus was driven by a desire for policies that reflect the nation’s new energy reality. The United States has cut its energy needs by more than 50 percent since 1973, a trend that shows no signs of slowing. What’s more, America not only has a diversity of energy resources; it also has the innovative capacity and entrepreneurial spirit to improve productivity. That’s why domestic oil, natural gas, and renewable energy production are up—and energy imports are down. New energy development is even driving a jobs boom in many parts of the country, and lower energy costs are helping the manufacturing sector.

Nevertheless, challenges remain: affordable energy is a reach for many households and businesses, the oil and gas boom comes with environmental concerns, the electric grid needs to tackle infrastructure upgrades and renewable resource integration, energy R&D needs to be ramped up to maintain a competitive edge, and market volatility and international competition for energy remain serious issues.

But Americans are fortunate: The United States has enormous energy strengths. Acknowledging these strengths, the Strategic Energy Policy Initiative developed a blueprint for ensuring the nation’s energy prosperity, security, and sustainability in the 21st century.

“Honestly, if we can’t get natural gas right, then the chances that we will get oil right are pretty slim.”

—Senator Lisa Murkowski (R-AK) at the BPC event
“New Geopolitics of Petroleum and Natural Gas”

"I've got a big job on my hands," said John Lyons, Kentucky's assistant secretary for climate policy, at an event yesterday hosted by the Bipartisan Policy Center. "Over the years, it hasn't been a goal for the state to diversify, due to our coal resources."

—E&E News

"U.S. Moving Toward a Future of Energy 'Made in America'"

—BPC Energy Project Co-Chairs Trent Lott and Byron Dorgan in *The Hill*

BPCAN Impact

April 10, 2013

Energy Project Executive Director Margot Anderson submitted comments to the House Ways and Means Committee on comprehensive tax reform and energy tax expenditures.

April 18, 2013

Former Senators Trent Lott and Byron Dorgan submitted a letter of support for energy-efficiency legislation introduced by Senators Jeanne Shaheen (D-NH) and Rob Portman (R-OH).

April 25, 2013

AEIC member Chad Holliday submitted letters of support to Senate and House appropriations committees urging them to prioritize clean-energy innovation programs like ARPA-E (Advanced Research Projects Agency-Energy).

April 26, 2013

Former Senator Pete Domenici and Dr. Warren F. Miller, BPC Nuclear Initiative co-chairs, submitted a letter to the Senate Appropriations Committee encouraging funding for U.S. nuclear energy programs.

May 7, 2013

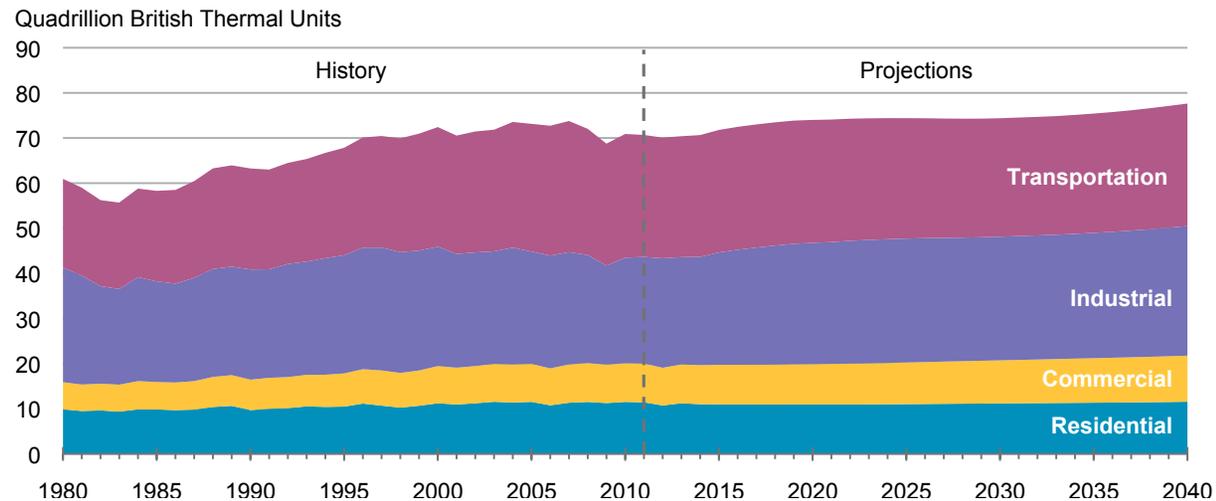
Former Senator Byron Dorgan testified before the House Energy and Commerce Committee, Subcommittee on Energy and Power, on U.S. energy abundance.

August 1, 2013

AEIC member Chad Holliday sent letters of support to Representatives Larry Bucshon (R-IN), Daniel Lipinski (D-IL), and Chris Collins (R-NY)—members on the House Science, Space, and Technology Committee, Subcommittee on Research and Technology—on their draft of the Innovative Approaches to Technology Act of 2013.

Energy Efficiency: A Critical Resource

The Energy Information Administration projects that total energy use in 2040 will be just 10 percent higher than in 2010, even though the U.S. population will have grown by 29 percent and the economy will have grown by 108 percent over the same time.



U.S. Energy Consumption by Sector, 1980-2040. From BPC's *America's Energy Resurgence: Sustaining Success, Confronting Challenges*.



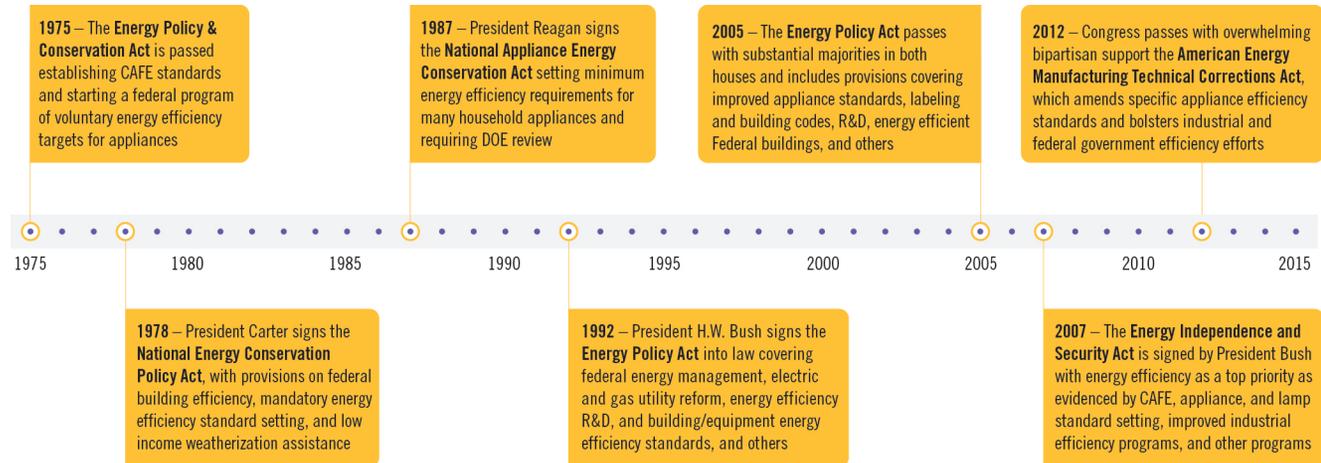
NARUC First Vice President and Florida Public Service Commissioner **Lisa Edgar** and Deputy Secretary of the Maryland Department of the Environment **Kathy Kinsey** at a BPC roundtable discussion



Former Director of both the CIA and the NSA, and a Co-Chair of BPC's Electric Grid Cybersecurity Initiative, **General Michael Hayden** (ret.)

BPC Infographic:

Bipartisan legislation has been successful at reducing the nation's energy use and also at minimizing the energy footprint of the federal government.





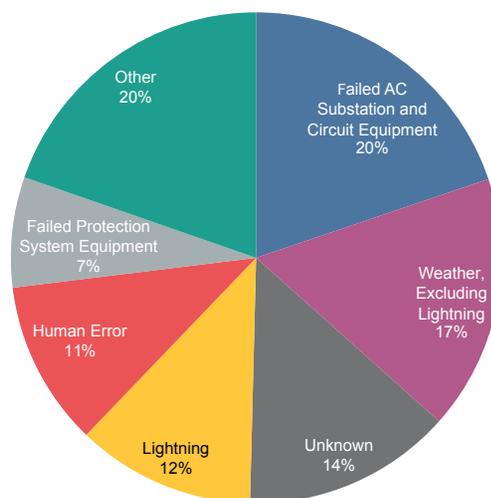
BPC Director for Energy and Environment **Joe Kruger** with BPC's Electric Grid Initiative Co-Chairs: former FERC Chairman **Curt Hébert**, former Chairman of the House Subcommittee on Energy and Air Quality **Rick Boucher**, and Director of the Project for Sustainable FERC Energy Policy at the NRDC **Allison Clements**

Top Ten Outage Occurrences By Cause

Source: "2012 State of Reliability." North American Electric Reliability Corporation. (2012): 10. http://www.nerc.com/files/2012_SOR.pdf.

Note: Percent is out of total number of outages. Other includes fire, vandalism, terrorism or other malicious acts, failed AC/DC terminal equipment, failed DC circuit equipment, vegetation, environmental, contamination, foreign interference, or power system conditions.

From BPC's *Capitalizing on the Evolving Power Sector: Policies for a Modern and Reliable U.S. Electric Grid*.



Coming Up in 2014



Greenhouse Gas Regulation. The Energy Project will continue to lead constructive discussions among critical stakeholders as EPA creates a robust, flexible framework that will lead to significant long-term emission reductions in the power sector.



Sustainable Natural Gas Production. The project will develop and advocate for policies to reduce methane emissions as well as address other environmental impacts of shale oil and gas production.



Renewable Fuels Standard. The project is reviewing which aspects of the federal renewable fuel program could benefit from reform and will produce policy recommendations.