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Bonds, energy bonds...
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It is absolutely unacceptable that the United States is dependent upon foreign countries to meet our energy needs. We have the natural resources, the technical expertise, the market demand and a motivated energy industry. All we lack is the political leadership in Washington, DC. Not only has Congress failed to provide legislation that enables sufficient domestic energy development, they have been a liability – blocking solutions and standing in the way of technological advances. Sustainable energy independence is a national security imperative and the most important issue of our time. Some view our current situation as an energy crisis, but I see energy as our greatest opportunity.

Any workable energy policy must address three overarching objectives: energy independence (particularly from foreign oil), environmental stewardship and long term sustainability. There is no simple answer and no single technology that will achieve these objectives. “Drill baby drill” will never get us there. Instead, we must develop a comprehensive energy program that utilizes all of our resources – coal, oil, natural gas, nuclear, wind, geothermal, solar, everything we’ve got. We must extend our power grid and infrastructure to meet the needs of the 21st century; dramatically improve our energy efficiency; and provide a sensible regulatory structure that addresses environmental concerns without limiting market flexibility.

At the same time, an effective energy policy must recognize certain constraints. First, it should be budget neutral. The energy sector is a highly profitable industry with huge guaranteed market demand. There is no justification for any energy policy that results in a net federal budget expense. Second, our energy policy must be a positive and stable force for the economy. It must be balanced in a manner that allows long term planning, avoids boom and bust development cycles, provides good, stable jobs, and incorporates technology sunset planning to effectively transition the labor force when necessary. Third, we must finally admit that Congress is lousy at micro-managing energy and we should ask them to stop. They lack the expertise to pick technology winners and losers, and instead simply produce an unstable and unpredictable marketplace for business development and technology commercialization. Our goals are readily achievable. I propose the following course of action:

1. *National Energy Board (NEB)* – Establish a small Board of technical experts to oversee our national energy policy. Congress lacks the expertise and impartiality necessary to adequately address our energy needs. Board activities should be open, transparent and public. The Board should be nonpartisan and enjoy reasonable independence from political pressures (similar to the Federal Reserve Board).

2. *National Energy Roadmap* – The NEB, in conjunction with industry leaders, environmental advocates, government agencies and other interested parties, should draft and maintain a comprehensive 50 year National Energy Roadmap that anticipates our evolving energy needs and identifies one or more courses of action for achieving them. The Roadmap would range from specific demands in the near term, to technology development pathways and objectives for the distant future. It would be updated and revised frequently as the marketplace and technologies evolve. The International Technology Roadmap for Semiconductors can be used as a model, and demonstrates what can be achieved through this type of cooperative development.

3. *Energy Bonds* – The Roadmap can only be followed if the NEB has some means of influencing the direction of energy development. Large scale energy projects require huge capital investments, but are profitable ventures over the long term. An energy bond program would provide the NEB with the ability to rapidly encourage energy development as required by the Roadmap. The energy bonds should be available to the American public at an attractive rate of return –for example 5% in the current market. The bonds would be federally guaranteed. The funds would then be loaned out at favorable rates (e.g. 5.5% in our example) as capital for large scale energy development projects. Program costs (including loan default risk) would be covered by the difference between the bond yield and the loan rate (0.5% in this example) making the overall program budget neutral. Loan default risk would be low since energy development is generally a safe investment; however, it can be further diminished by requiring private matching funds for any funded ventures.

4. *Cap and Trade CO2* – There will be no progress on energy policy until CO2 emissions are addressed. I support a fair and sensible Cap and Trade program. The market will never promote appropriate technologies while there is no cost associated with CO2 emission. It is a myth that business is against a 'cap and trade' system. Industry leaders know that such a strategy is inevitable. The real enemy of business is the uncertainty created by indecision and Congressional micro-management. Industry cannot invest billions of dollars in an uncertain economic and political climate. As a result, we are seeing no significant investment in coal liquefaction or clean coal technology since the future carbon costs are unknown. A 'cap and trade' system is the best of all worlds because it provides a ceiling for emissions while allowing market forces to identify cheap, low-emission technologies. At the same time we must eliminate many of the other legislative barriers so that the marketplace is not biased against hydrocarbon energy production, but rather the emission of CO2.

5. *Effective Regulation* – The regulatory system for energy production should be strengthened, but also expedited and simplified. Congress must ensure environmental protection and stewardship through thoughtful and well crafted regulation. Funding for complete site remediation for any and all energy projects must be absolutely guaranteed. At the same time, the regulatory system should not be onerous. It must be quick, simple and straightforward for a well-intended corporation to receive definitive approval or refusal (with explanation and, if possible, corrective action) on a proposed citing.

6. *Reward Efficiency* – While we clearly must focus on energy supply to eliminate our dependence on foreign oil, we can make great strides towards sustainable energy independence by promoting efficiency at all levels. Individual tax credits are an excellent tool for promoting the adoption of advanced technologies and should be used to reward efficiency.

It is time to end our haphazard national approach to energy policy and focus on long term solutions. Our current methods have failed us for 30 years and have brought us to where we are today – dependent on countries we often dislike, to satisfy our 12 million barrel per day, $500 billion per year addiction to oil. As U.S. Senator, I will change that approach, end our addiction, and make Wyoming a leader in energy policy, not just energy production.

