

“State of Play: National Energy Policy”

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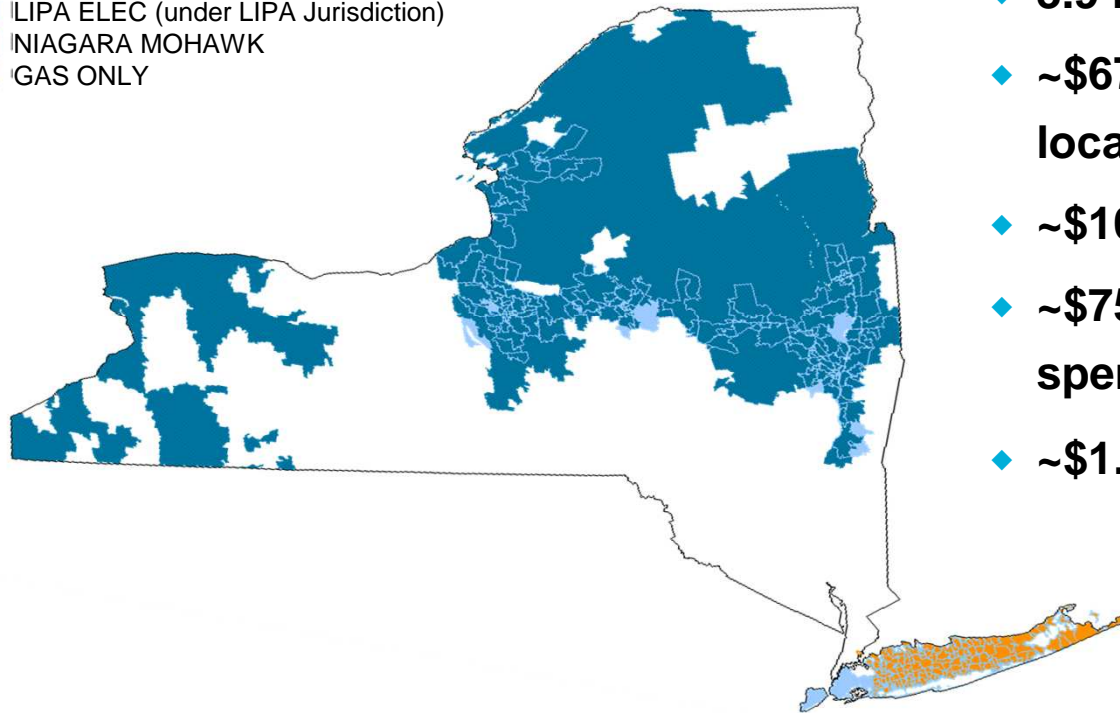
**October 12, 2011
Advanced Energy Conference**

Agenda

- Overview of National Grid
- Role of Federal Government
- Look-Back – National Energy Policies
- Role of State Government
- Federal State Energy Program (SEP)
- New York Response

National Grid in New York

- STATE LINE
- GAS BOUNDARY
- LIPA ELEC (under LIPA Jurisdiction)
- NIAGARA MOHAWK
- GAS ONLY



- ◆ 11,500 employees
- ◆ 3.9 million customers
- ◆ ~\$670 million paid in state and local taxes
- ◆ ~\$10.5 billion of assets
- ◆ ~\$755 million of annual capital spending
- ◆ ~\$1.5 billion test year O&M

New York represents 60% of National Grid's US rate base

Role of Federal Government

- Create and Lead Dialogue and Debate on National Energy Policy
- Secure support and ‘buy-in’ from states, industry, and consumers/taxpayers in support of driving long-term policy initiatives
- Demonstrate support and commitment to clean energy development and economic growth through consistent and clear energy policy directives and predictable financial support

National Energy Policies 1933-1969**

- **1939** – *Franklin D. Roosevelt* – ‘National Energy Resources Policy’
- **1950-52** – *Harry Truman* – Materials Policy Commission – Utilization of Natural Resources
- **1955** – *Dwight Eisenhower* – Cabinet Advisory Committee on Energy Supplies and Resources Policy
- **1961** – *John F. Kennedy* – National Fuels and Energy Study
- **1964** – *Lyndon Johnson* – “Resources Policies for a Great Society Report to the President by the Task Force on Natural Resources”

**National Academy of Sciences; America's Energy Future: Science, Technology and Policy Challenges for Transformational Change in U.S. Energy Supply and Demand: 2010

National Energy Policies 1969 – Present**

- **1974** – *Richard Nixon* – ‘Project Independence Blueprint’
- **1975** – *Gerald Ford* – “The Energy Independence Act of 1975”
- **1977** – *Jimmy Carter* – “National Energy Plan”
- **1987** – *Ronald Reagan* – “Energy Security Report”
- **1991** – *George Bush Sr.* – “National Energy Strategy”
- **1997** – *William J. Clinton* – “Federal Energy R&D for the Challenges of the 21st Century”
- **2001** – *George Bush Jr.* – “Reliable, Affordable, and Environmentally Sound Energy for America’s Future”
- **2009** – *Barack Obama* – “Obama-Biden New Energy for America Plan” – October 2011 National Energy Action Month

**National Academy of Sciences; America's Energy Future: Science, Technology and Policy Challenges for Transformational Change in U.S. Energy Supply and Demand: 2010

Role of State Government

- Implement federal and national policies towards:
 - Reducing dependence on foreign energy supplies;
 - Enhancing energy security;
 - Supporting economic development / job growth consistent with federal policies

- Bridge ‘the gaps’ in federal policy through:
 - Support for state energy R&D programs;
 - Efficiency and renewable energy initiatives;
 - Clean fuel activities;
 - Electricity and natural gas policy initiatives

Implications of Inconsistency

- Absence of firm leadership and funding support from the federal government has real-time implications for states:
 - Go their own way – without regard for federal priorities
 - Start and stop programs based on available funding and state-level political support (subject to election cycles)
 - Fosters great uncertainty for businesses and industry to support investment in the state in the absence of strategic and predictable policy priorities

Federal Clean Energy Initiatives

- RGGI
 - Cap and Trade vs. Carbon Tax
- Renewable Energy Standard
 - Competing State Goals/Priorities
 - Definitions of Renewable Technologies
- 'Transmission Infrastructure'
 - 'National Transmission Highway'
 - Eastern Interconnect Planning Collaborative (EIPC)
- Carbon Capture Sequestration (CCS)
 - Critical need for technology to offset GHG
 - Opportunity to export intellectual capital on International stage

Federal State Energy Program (SEP)

Building the base.....

- Federal SEP funding was instrumental in creating state-level energy policy, planning, and program activities
 - Building codes and standards
 - New construction programs
 - Utility Efficiency and Renewable programs
 - Limited R&D support
 - Marketing, Outreach, Workforce Development
 - Creation of State Energy Offices
- **Demonstrates how the federal government can / should work and coordinate with the states**

New York Experience

- RGGI
- '45 x 15' Clean Energy Goal
- NY BEST
- NY Energy Policy Institute
- Biofuel Roadmap – Carbon Fuel Standard
- Weatherization / On-Bill Financing (OBF)

National Grid Response to Initiatives

- Efficiency
 - Re-emerged as an energy efficiency provider in 2009.
 - **\$85** million to fund energy efficiency
 - Public-Private Partnerships with Government / Customers
- Economic Development
 - Helping customers solve energy issues and improve their productivity and efficiency
 - Upstate grant programs have helped create or retain over 19,000 jobs in National Grid communities since 2003
 - “**Green Cinderella**” program funds “green” technology upgrades for abandoned buildings and affordable housing projects
- Clean Tech Workforce Development/Planning
 - “**Engineering Our Future**” – a signature program of National Grid

Lessons Learned

- Federal leadership while important and instrumental is lacking
- State's need federal support to coordinate and implement policy consistently
- Government support needs to be consistent, predictable, and support innovation
- Focus on all aspects of industry development is important: from R&D; manufacturing; distribution and retailing; workforce development; and consumer awareness

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