

MEMORANDUM

TO: Mary B. Neumayr
Chair of the Council on Environmental Quality

FROM: William Nicholas, Analyst

DATE: 3 October 2019

RE: United States National Energy Policy

Introduction

Developing a national energy policy in the United States will require commitments from a wide range of organizations and generous support from the public. In order to build broad consensus, I recommend framing the debate as a single issue: the beneficial economics of a national energy policy. In doing so, the value of a policy can be most clearly articulated to the widest range of groups, and organizations can be expected to support it in their own interest. When selecting problems to highlight, we should consider those that are least contentious and most digestible, considering the highly polarized media and political environment. I recommend we focus our attention on wasted spending in government research, the unnecessary costs borne by utilities and ratepayers, and missed opportunities for American businesses.

Framing the Debate as a Single Issue: Money Talks

Research supports the argument that framing a government action through the lens of a specific issue appeals more broadly to the American public than multilateral justifications.¹ When seeking public support for a national energy policy, framing the debate as a single economic issue that will improve the lives of all Americans is more likely to be viewed positively when compared to a multifaceted approach. Reducing the complexity of the argument will enhance its popularity.

Regardless of public perception, agencies, advocacy groups, and corporations can be expected to unilaterally pursue their own best interests. These interests can be represented as an economic value. Businesses will prioritize market opportunities, while agencies will appreciate the labor cost savings associated with a cohesive regulatory approach. Interest groups will track fewer confusing and conflicting priorities of the federal government, saving them time and money.

Framing the debate in economic terms presents an opportunity to demonstrate clear value to each stakeholder group. For those groups that may appear to be aligned against elements of the final policy, financial value can provide the political cover necessary to make deals that would otherwise be unpopular among their constituent group and can be justified as resources to pursue the next fight. While the patchwork of organizations necessary to develop consensus cannot be expected to agree on everything, demonstrating to them and the public the value of a policy in purely economic terms ensures a common objective. Accordingly, one should select clear economic drivers when highlighting the need for a national energy policy.

Key Drivers of the Economic Argument

Without a cohesive national energy policy, we face a litany of problems resulting from conflicting priorities and duplicated effort. In order to effectively articulate the need for an energy policy through an economic lens, we should focus our argument on three key issues:

¹ Jacoby, William G. "Issue Framing and Public Opinion on Government Spending." *American Journal of Political Science* 44, no. 4 (2000): 755-57.

1. Wasted government funds for research and development
2. Unnecessary costs for U.S. utilities and ratepayers
3. Reduced opportunities for U.S. firms in the global market

The U.S. government allocates millions of dollars on research and development annually. In 2018, the federal government spent \$7.15 billion on energy research, and the proportion allocated to different types of energy can change significantly year to year.² A national energy policy would enable Congress to allocate these funds more intentionally and would reduce spending on projects that are not aligned with national goals. Without such a policy, funds may be wasted in duplicative efforts or projects less useful to the American public. This argument is likely to find support among budget hawks who may otherwise be opposed to a large national policy.

American utilities make decisions about energy strategies based on conflicting government priorities. A national energy policy that includes more consistent funding and regulation would enable utilities to make better-informed decisions, reducing their uncertainty and enabling them to provide lower rates to their customers. This argument can expect wide-ranging support among the general public, as well as among utilities and regulatory agencies.

Finally, a national energy policy would settle questions about the export of energy goods such as liquified natural gas. With a decided national policy, U.S. firms could make investments in capacity that would enable them to capture global market opportunities and dominate emerging technical standards, maximizing U.S. soft power in a hotly contested sector. This argument can be expected to sway the business community, the general public, and politicians of both parties.

Anticipated Challenges

Arguing for a national energy policy strictly as an economic issue will raise certain challenges. Environmental groups can be expected to portray the approach as good only for business, while national security groups may perceive this strategy to value export dollars over safety. Groups representing aging energy resources may feel like we are unfairly subsidizing other forms of energy generation. While these concerns are legitimate, we will best placate these groups by articulating the economic value to of this strategy to each – such as reduced uncertainty around infrastructure replacement, incentives for new energy transitions, and increased returns for U.S. corporations.

Immediate Action

In order to build the broadest coalition of support for a national energy policy, I recommend large-scale data collection. Demonstrating the value in purely economic terms to a broad cross-section of American organizations will require extensive research, and the first step should be requesting studies from Congress and relevant agencies. Secondly, I recommend convening business leaders to hear suggestions and concerns, and to request data on the financial value of policy changes.

By arguing for a national energy policy in economic terms, organizations can be counted on to support this policy in their own interest. Utilizing research from the government and private industry, an economic approach would highlight improved R&D efficiency, reduced costs for utilities and rate payers, and improved performance for U.S. companies. With this approach, one can expect to quickly build broad consensus for a national energy policy.

² “IEA Energy Technology RD&D Budgets Database.” International Energy Agency, 2019.
<https://www.iea.org/statistics/rdd/>.