

Pathways to a Green Global Economic Recovery

Testimony of James E. Rogers, Chairman, President and CEO, Duke Energy Corporation
Before the U.S. Senate Committee on Foreign Relations
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Mr. Chairman and members of the Committee: I am delighted to be here today to share with you my thoughts on how we can work together to drive a green global economic recovery. My name is Jim Rogers and I am Chairman, CEO and President of Duke Energy Corporation.

Duke Energy provides electric power to more than 11 million people in five states. We are the third largest electric power holding company in the U.S. based on kilowatt-hour sales. Our diversified generation portfolio mirrors the supply mix in the U.S. as a whole with a blend of coal, nuclear, natural gas and hydropower. We also have sizeable investments in renewables, notably wind, where we have more than 500 megawatts in operation and another 5,000 megawatts under development. We are also involved in a joint venture constructing 10 50-megawatt biomass facilities over the next five years.

As I sit before this Committee, I recognize, as you all do, that we face two simultaneous and urgent crises: global climate change and a deep financial downturn. There are great similarities between them. No one nation, or entity, can solve either problem. It will take policy leaders and business to solve both.

In addition, there is a great opportunity for us in both crises: if we structure our approach to climate change effectively, addressing the global climate crisis can provide one pathway toward helping address the global financial crisis.

I might add that my company and my customers are at ground zero for both the environmental and economic storms we face. Duke Energy is the third largest consumer of coal in the U.S. and we emit around 100 million tons of carbon dioxide annually. And as Senator Lugar knows, the Midwest has been particularly hard hit by this recession, with some counties in Indiana having the highest nationwide unemployment rates. It is exactly because of these issues that we have to be very careful about how we make the transition to a "decarbonized" economy. It is not going to be free, easy or quick. But it must be fair, and it must be now.

There are two reasons why action now is important. By putting a cap on emissions and a price on carbon, it will allow our country to get the best bang for the buck from the green portions of the stimulus. This linkage will create a roadmap that will allow capital-intensive industries, like my own, to start planning for future investments and the creation of 21st century jobs, such as engineers and technicians. The building of new transmission, renewable and nuclear energy cannot be done overnight, but it can be completed over the next 10 years. It is confidence in this road map that will help us rebound from this recession.

Action now is important, because right now, the United States lags behind its global competitors in the race to fuel the clean energy future. According to the research firm, New Energy Finance, the value of low-carbon energy markets worldwide is expected to reach \$450 billion annually by

2012 and then rising to \$600 billion annually in 2020. Without a U.S. carbon program, we will not be participating in this lucrative market.

If you look today at China, you will find that they are investing \$221 billion over the next two years in clean energy. That is double the U.S. investment in everything from wind to solar to advanced batteries.

I understand the arguments against action on energy and climate with concerns focused on the economy. However, the reality is we can't afford not to act if we hope to compete and lead. The right comprehensive energy and carbon legislation can provide not only the certainty and rules of the road by which we can plan, build and compete, it will also protect consumers, help us advance efficiency and alternative technology efforts, and all while cleaning up the environment.

The sooner Congress provides a clear set of rules; the sooner investments can be made. I strongly believe that one of the most effective approaches to solving the climate issue will be to develop a series of public and private partnerships with countries around the globe. Through domestic action and international leadership and cooperation, we can drive a worldwide green economic recovery.

For instance, we have an opportunity to establish a new spirit of cooperation between China and the US. The most important long-term issue that both countries face is the same—the challenge of responding to climate change while providing for economic growth. Progress would be mutually beneficial for this issue.

- Both countries rely heavily on coal
- Both rely on imported oil—a national security issue, and
- Both are at risk due to climate change.

Because of these shared concerns, this area is ripe for collaborative endeavors that would build additional trust between China and the United States.

It is my judgment that the U.S. should appoint a senior climate negotiator to work directly with China to build a ladder of cooperation, which engages both the public and private sectors. I believe China would respond in kind. This cooperative effort, I believe, would be like a living laboratory to further action on:

1. Electric cars
2. Identification of new energy efficiency capabilities
3. Research and deployment of carbon capture and sequestration
4. Smart Grid technologies, and
5. Advanced techniques for the monitoring of greenhouse gases.

This could be a confidence-building activity that could lead us to greater engagement. We would not start with issues that we cannot agree on right away or that would involve sensitive technologies.

Cooperation and progress in the development and deployment of clean-energy technologies are not just important in their own right. They also could encourage a new spirit of Chinese leadership in United Nations climate negotiations. China is better equipped than any other developing country to help the world define pathways for all nations to follow toward emissions reduction: first by taking cost-effective steps to cut energy waste, and second, by graduating to real and enforceable emissions limits.

Working together on clean energy, the United States and China may also be able to show the way to a new global agreement on climate change.

We stand ready to work with both the Administration and Congress to get it done.