YEAR IN REVIEW 2011

Institute for 21st Century Energy | U.S. Chamber of Commerce

www.energyxxi.org
A MESSAGE FROM
THOMAS J. DONOHUE

“The U.S. Chamber’s Institute for 21st Century Energy is a pioneer in advancing common sense policies that will create jobs and enhance our energy security. Its platform is simple: responsibly unleash all of America’s vast energy resources to create millions of jobs, improve our economy, and make the United States a global energy leader. With your continued support, the Institute will remain the nation’s premier organization in devising and implementing smart strategies to make energy a powerful engine of growth, jobs, and security.”

Thomas J. Donohue
President and CEO
U.S. Chamber of Commerce

OUR MISSION

The mission of the U.S. Chamber of Commerce’s Institute for 21st Century Energy is to unify policymakers, regulators, business leaders, and the American public behind a common sense energy strategy to help keep America secure, prosperous, and clean. Through policy development, education, and advocacy, the Institute is building support for meaningful energy action at the local, state, national, and international levels.
I am pleased to present an overview of the Institute for 21st Century Energy's activities in 2011. As the Energy Institute has grown, so has our impact on the nation's energy debate. We’ve been able to continue to expand our reach across the nation and cement our place as an organization that is uniquely positioned to give voice to the thousands of businesses, small and large, that are impacted by the lack of progress being made in Washington on energy.

In 2011, the Energy Institute was engaged in major legislative, regulatory and judicial battles related to the limitation to drilling in the Gulf of Mexico and Alaska; the construction of the Keystone XL pipeline; the growing potential of shale oil and gas; and, the impact of EPA's proposed regulations on our electricity reliability, among others. Through the Chamber’s legal arm, the National Chamber Litigation Center, the Institute ventured into the courtroom again eleven times to stand up for consumers. Of the 7 cases decided in 2011, the Institute’s position prevailed in five of them.

The Energy Institute continues to bring facts and insightful analysis to polarized debates. We released the second annual Energy Security Risk Index, featuring a multitude of improvements since the inaugural Index in 2010. The Energy Security Risk Index remains the only tool available to quantify America’s energy security. We also launched the Partnership to Fuel America, a new platform focused on emphasizing the growing opportunities for energy that exist between the U.S. and Canada.

With the U.S. Chamber’s unparalleled network across the nation, the Energy Institute’s reach can be felt in all 50 states. We travelled hundreds of thousands of miles to educate and mobilize over 20,000 members of the business community to join our cause. Our advocates generated over 90,000 letters to Congress and over 10,000 letters to President Obama in support of pro-energy positions on issues such as the Keystone XL pipeline and EPA regulations.

The business community, consumers and the media continue to turn to us for information and commentary. Our internet traffic rose nearly 60% over the last year with unique visitors from every state and 120 nations, and we significantly expanded our social media efforts. More than 200 media outlets reaching over 2 million people included us in their reporting in 2011.

This year, we’ll be building on our success by ensuring that energy is at the forefront of the public debate during this critical election year. We will continue to expand the Partnership to Fuel America, and will be undertaking similar efforts to engage the business community on other critical issues. In particular, the Energy Institute will be educating business and opinion leaders about the enormous potential of shale oil and gas.

Thank you for your support of our activities, and we look forward to your continued involvement in our effort to advance a common sense energy policy in America.

Sincerely,

Karen Alderman Harbert
THE FOUNDATION

The Institute for 21st Century Energy was founded on the principle that energy is vital to our national and economic security. In 2008, the Energy Institute unveiled a policy platform of nearly 90 measurable energy and environmental recommendations for the new Administration and Congress. Over the past two years, dozens of these recommendations have been introduced in bills pending before the U.S. Congress or acted upon by the Administration. These key policy principles continue to inspire new activities and thought leadership and further validate the Energy Institute’s mandate in Washington and around the country.

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PROMOTING A PRO-GROWTH ENERGY PLATFORM
The Energy Institute advocates for sound, common sense energy policies that will create jobs and make America more secure.

In 2011, we were engaged in major policy discussions including the construction of the proposed Keystone XL pipeline, the growing potential of shale oil and gas, the impact of EPA’s proposed regulations on our electricity reliability, and many others.

The energy debate in Washington once again took place against a backdrop of a nation struggling with high levels of unemployment. To start 2011, we proposed a Five Point Plan of achievable items that could gain bipartisan support in the new Congress.

Despite the need for good jobs, energy projects were unable to gain traction with the Administration, which restricted access to future offshore exploration and sought to delay a decision on the Keystone XL permit.
For that reason, the Energy Institute continued to highlight the potential of energy as not just a component of our recovery, but the foundation upon which our economy could be built.

Together with policymakers and thought leaders, we demonstrated the ways in which our pro-growth energy platform will benefit our nation.

While the Energy Institute’s basic platform remains central to our mission, we recognized that the election of a new Congress meant new priorities and opportunities for action on key energy policies.

As a result, we presented a five point plan of achievable items that Congress could accomplish. In recognition of the growing concern about the deficit, these items can be accomplished at minimal cost.

FIVE POINT PLAN

- Maximize America’s own energy resources
- Make new and clean energy technologies more affordable
- Eliminate regulatory barriers derailing energy projects
- Do not put America’s existing energy sources out of business
- Encourage free and fair trade of energy resources and technologies globally

Christopher Guith and Karen Harbert respond to reporters inquiries at the Five Point Plan roll-out on February 1.
The Energy Institute regularly convenes policy and thought leaders to discuss important energy topics.

For instance, in February, the Institute hosted a roundtable on shale gas regulation. Congressman Gene Green of Texas, Congressman Tim Murphy of Pennsylvania, and FERC Commissioner Mark Spitzer led the discussion. Also in attendance were many public utility commissioners and stakeholders who work on the ground on shale issues, including Robert Powelson, chairman of the Pennsylvania Public Utility Commission, and Katie Klaber, president and executive director of the Marcellus Shale Coalition.
Energy Institute leaders are often called upon to give expert testimony at Congressional hearings.

In 2011, Energy Institute officials appeared before panels in the House of Representatives and the United States Senate.

“...We have an abundance of resources, but from its earliest days, the Obama Administration has continually been taking land and coastal areas off the table for oil and gas production by canceling onshore leases, imposing a moratorium on exploration and production in the Gulf of Mexico, and proposing a leasing plan that prevents us from developing more resources for the next five years.”

~ Karen Harbert, 3/31/11
House Committee on Natural Resources – Hearing on Gasoline Prices

“The label ‘clean energy’ is not reserved solely for renewables, but must be accurately applied to any and all new technologies and processes that reduce environmental impact, whether it be clean coal, advanced biofuels, natural gas vehicles, advanced nuclear or energy storage, among others.”

~ Christopher Guith, 5/3/11
Senate Energy and Natural Resources Committee – Hearing on Clean Energy Technologies

“The National Ocean Policy is the most significant issue affecting energy security, job creation, and economic growth that no one has heard about. Offshore and onshore energy operations, as well as agriculture, manufacturing and construction are all vulnerable to new regulatory actions.”

~ Christopher Guith, 10/4/11
House Natural Resources Committee – Hearing on Onshore and Offshore Land Use
As the Obama Administration’s EPA continued its march toward overregulation, the Energy Institute responded with a campaign against the proposed “Utility MACT” regulations.

The Energy Institute was the leader of a large group of business organizations that argued that industry needs more time to comply with strict standards. The EPA’s rule threatens America’s electricity reliability and could cost consumers millions, which is why the Energy Institute launched an aggressive advertising campaign and mobilized the Chamber’s grassroots network to oppose it.
EPA is finalizing the most expensive rule in its history. Known as Utility MACT, it could threaten America’s energy supply, cost jobs, and raise energy prices on businesses, manufacturers, and families if it is implemented too fast.

Twenty-five states, organized labor, manufacturers, and businesses from across the country are seeking additional time for power plants to comply with this expensive new rule.

Tell President Obama—America needs more time to get the job done right, not more lost jobs.
The Energy Institute was proud to co-host two energy leaders as part of the ongoing National Chamber Foundation CEO Leadership Series.

In April, we heard from Thomas Fanning, president and CEO of Southern Company. In July, Shell Oil Company president Marvin Odum joined us. Both addressed large crowds in the Chamber’s Hall of Flags.

“...the decisions we make around energy use will define whether we will face a period of extraordinary opportunity for policy-makers, businesses like ours and for society at large.”

- Tom Fanning
President and CEO of Southern Company

“...there are two major elements that make up a sensible national energy policy. First, we need all the arrows in the quiver – a full portfolio of energy resources – nuclear, 21st Century coal, natural gas, renewables and energy efficiency.”

- Marvin Odum
President of Shell Oil Company
BUILDING A BRIDGE BETWEEN THE STATES AND WASHINGTON
With the U.S. Chamber’s unparalleled network across the nation, the Energy Institute’s reach can be felt in all 50 states.

In 2011, the Energy Institute logged hundreds of thousands of miles to educate and mobilize the business community to join its cause.

Due to gridlock in Washington, some of the best opportunities for progress exist outside the Beltway. As a testament to the Institute’s growing network in the states, Alaska Governor Sean Parnell chose the Chamber and the Energy Institute as the host of a major announcement from his state designed to boost energy production. And CEO Karen Harbert collaborated with some of the nation’s top governors to tackle our country’s growing energy challenges.

Karen Harbert addresses the American Association of Petroleum Geologists in Houston.

Karen Harbert discusses U.S. offshore oil exploration at an event hosted by Rice University.
Delivered remarks at the 14th annual Energy, Utility & Environment Conference.

Discussed offshore oil exploration at Rice University.

Addressed the World Affairs Council of San Francisco.

Jackson Hole, WY
Discussed energy issues with Governors Matt Mead of Wyoming and Haley Barbour of Mississippi.

Los Angeles, CA
Spoke at the Milken Institute Global Conference.

Anchorage, AK
Gave the keynote address at an Anchorage Chamber of Commerce event.
Lansing, MI
Delivered the keynote address at an event hosted by the Mackinac Center for Public Policy.

Washington, DC
Hosted a roundtable discussion with Joe Oliver, Canada’s Minister of Natural Resources.

Chicago, IL
Participated in an event hosted by the Canada-U.S. Business Council.

Chattanooga, TN
Joined Senator Bob Corker for a roundtable discussion on electricity and economic development.

Ft. Lauderdale, FL
Delivered remarks to the National Electrical Contractors Association.

New Orleans, LA
Addressed the National Defense Industrial Association’s Environment, Energy Security and Sustainability Symposium.

Legend
- 2011 Energy Institute Event
While the Partnership will be focused on long term opportunities, the initial focus was on the construction of the proposed Keystone XL pipeline. The Partnership has quickly grown to include members in 12 states, mostly from the Midwest, where the greatest impact from Canadian energy development will be felt. In particular, PFA recruited and built local supporters in the states closest to the Keystone XL pipeline, and played a role in a significant turnout from the business community at the State Department’s public hearings on Keystone held along the pipeline route. Our partners include local and medium-sized businesses and business organizations. Many of the individuals that have attended Partnership events are leaders in their communities and are helping to educate other business leaders and citizens.

The Partnership to Fuel America (PFA) was launched in 2011 to emphasize the growing opportunities for energy that exist between the U.S. and Canada.
The Partnership to Fuel America has quickly grown to include members in 12 states.

PFA member John Meyer of Winner, SD, testifies about the benefits of Keystone XL pipeline at a Senate Health, Education, Labor and Pensions committee hearing on December 8.

John McCollister of the Platte Institute testifies on behalf of PFA at the State Department’s Keystone XL hearing in Atkinson, NE.

Larry Tveit, former Montana state senator, gives a preview of his testimony in support of the Keystone XL pipeline at a State Department hearing in Montana.
The Energy Institute spread our message about the Keystone XL pipeline in print ads, email communications and action alerts.

The Keystone XL Pipeline project will be the newest, strongest and most advanced pipeline in operation in North America, creating thousands of jobs and providing the American public with reliable and affordable energy supplies.

According to federal government forecasts, oil and natural gas will continue to fuel more than half of America’s consumer energy needs for decades, even as alternative energy sources continue to develop.

The United States imports more oil from Canada than any other nation, providing the U.S. with 1.9 million barrels of oil a day. Canada sends more than 99% of its oil exports to the United States, and about half of the Canadian crude oil brought into this country is located in geologic formations called oil sands.

WHAT ARE CANADIAN OIL SANDS?

Canadian oil sands development is a boon to U.S. jobs and its’ economy.

Canadian oil sands. According to the Canadian Association of Petroleum Producers, Canadian oil sands contain 170 billion barrels of oil, 15 times the amount in the United States. The world’s largest deposits of oil sands are located in Alberta, Canada.

WHAT WE BELIEVE

It’s Time to Score a Touchdown for American Jobs

Another Chance to Support a Pipeline to Jobs

The Keystone XL Pipeline project will create more than 20,000 well-paying manufacturing and construction jobs, and contribute an estimated $20 billion in benefits to the U.S. economy.

Spur additional indirect economic impact

Increase personal income for all American workers by $6.5 billion during the lifetime of the project.

Increase tax revenue for local governments and state governments and local entities

Create $585 million in new taxes for communities among the pipeline route; 2011-2012 and an estimated $138.4 million in expansions and upgrades to refineries located; 2025.

We will promote the economic and security benefits of the Keystone XL Pipeline project will crime somewhere.

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DEMONSTRATING NATIONAL AND INTERNATIONAL THOUGHT LEADERSHIP
A major component of the Energy Institute’s mission is to educate the public and the business community about energy issues facing the nation.

In 2011 the Energy Institute continued its tradition of providing timely and insightful analysis, through print reports, expert testimony provided to Congress, and in support of litigation when necessary.

With an increasing amount of attention on China, the Energy Institute released a report examining its energy consumption patterns. Some have asserted that China has an advantage over the United States in clean energy development, but the Energy Institute’s analysis showed that alternative energy sources account for a negligible share of China’s energy consumption. In fact, China has become an important market for American coal, which has been squeezed by U.S. regulations.
While the Energy Institute’s preference would be for sound policies that are determined in the legislative process, at times it is necessary to stand up for consumers and American energy resources in the courts.

In 2011, through the Chamber’s legal arm, the National Chamber Litigation Center, the Institute entered into 11 new cases, and has a total of 21 pending. Of the seven cases decided in 2011, the Energy Institute’s position prevailed in five of them.
The 2011 edition of the Index of U.S. Energy Security Risk featured a multitude of improvements based on feedback received after the launch of the inaugural Index in 2010.

The Index of U.S. Energy Security Risk remains the only tool available to quantify America’s energy security, based on 37 separate metrics covering four primary areas – geopolitical, economic, reliability and environmental. For 2010, the most recent year in the Index, the energy security risk index score was 98.0, the fourth highest score since 1970 (higher scores mean more risk).

Of the 37 metrics, 20 showed increased risk in 2010, 11 showed improvement, and six were unchanged. Eight of the top 10 metrics showing the largest changes in score were related to energy prices, price volatility and expenditures.

The Index of U.S. Energy Security Risk demonstrates that in 2011, America faced a greater risk – largely due to high energy prices and price volatility.
The Energy Institute presented the Index to a host of organizations including Bipartisan Policy Center, U.S. Association of Energy Economists, World Green Energy Symposium, and the State Department’s Visitor Exchange Program.

A key component of the Index is an online tool which allows users to see for themselves the components of the risk index score. The online tool is helpful in understanding trends and the impacts that policy decisions have had on our energy security.


Left, Karen Harbert delivers remarks at the launch event for the Institute’s Index of U.S. Energy Security Risk.
The Major Economies Business Forum on Energy Security and Climate Change was created to give the international business community a voice in the U.N. climate change negotiations.

First convened by the Energy Institute in 2009, the group of nearly 20 international business organizations was actively engaged at the 2011 Climate Change conference in Durban, South Africa.

The 17th Conference of the Parties (COP17) to the United Nations Framework Convention on Climate Change (UNFCCC) meeting took place in Durban, South Africa.
Chapter 4

EXPANDING OUR REACH

The 17th Conference of the Parties (COP17) to the United Nations Framework Convention on Climate Change (UNFCCC) meeting took place in Durban, South Africa.
In 2011, the Energy Institute utilized traditional and new forms of media to share our message.

CNBC ran a feature on the Energy Institute’s Five Point Plan launch in February.

Karen Harbert was interviewed live on CNBC’s Squawk on the Street in May.

Matt Koch was interviewed by Fox News in November.
Yoshiki Hidaka, executive producer of The Washington Report, which airs nationally on Japanese television, interviews Christopher Guith about nuclear energy.

The Energy Institute continues to maintain a strong media presence, with officials regularly quoted in national, regional and local media.
Energy Institute leaders appeared in the media over 200 times, including outlets such as CBS, Fox News, The Wall Street Journal, POLITICO and numerous others.
One of the missions of the Energy Institute is to educate and then activate the public on behalf of common sense energy policies.

In 2011, the Institute reached over 85,000 activists by email, who in turn contacted Members of Congress and the White House tens of thousands of times to share their views on specific energy issues. The Energy Institute is fully integrated into the U.S. Chamber's renowned grassroots network, allowing it to help shape the debate in Washington and across the country.

The Energy Institute continued to utilize Facebook and Twitter to communicate to our network of supporters.
On the digital side, the Institute launched its custom designed new website and a stand-alone site to feature the Partnership to Fuel America.

The Energy Institute’s new website is more user-friendly and allows for the business community, government and the public to better access information about energy issues.

The website is regularly updated with timely information, news from the Energy Institute, and facts about energy in all 50 states.

The Partnership to Fuel America’s website is an important tool to educate the public about the potential of Canadian energy resources. The website features an interactive map of the Keystone XL pipeline route, with state-specific job impact numbers along the way.
in focus: Websites

EnergyXXI.org

Fuelingus.org
2011 Leadership and Staff

Karen Alderman Harbert
President and CEO

Stephen Eule
Vice President and Managing Director, Climate and Technology

Christopher Guith
Vice President and Managing Director, Policy

Matthew Koch
Vice President and Managing Director

Heath Knakmuhs
Senior Director, Policy

Susan Forrester
Director, Advocacy and Outreach

Leila Getto
Director, Programs

Matt Letourneau
Director, Communications and Media

Alyssa Cherif
Manager of Communications, Strategy and Operations
Frederick C. Smith was the Energy Institute’s first vice president and a valued colleague and friend. Fred joined the Energy Institute at its beginning, in 2007, and helped guide us as we’ve grown. Prior to joining the Chamber, Fred held a variety of distinguished positions at the Pentagon and in business. In November 2011, Fred lost his battle with cancer that he had so valiantly fought for several years. He will be sorely missed.