

Humpty Dumpty Politics and the Emergence of U.S. Marine Renewables

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American children used to be taught the nursery rhyme of Humpty Dumpty, the big egg who fell and couldn't be put back together again even by the King's men. It seems a good parable for understanding U.S. energy and climate change conflicts - and more importantly, the implications for the growth of marine renewable energy.

Looking at America's Waterfront From the Inside Out

U.S. energy policy for years was underpinned by a rough bipartisan consensus between Republicans and Democrats, spanning numerous Presidencies and Congresses. But, that broad agreement over a true "all-the-above" approach (support for all energy sources: fossil fuels, nuclear power, renewables and efficiencies) has basically broken down during the Obama Administration. This assertion is not to point fingers of blame, but to note historical reality. There has been no sweeping energy-related legislation passed since President Obama was elected in 2008, even when his party controlled both houses of Congress during his first two years.

Ironically though climate-related legislation has always resulted in bipartisan agreement: the U.S. Senate voted unanimously to reject the tenets of the Kyoto Treaty and the Clinton Administration never submitted it formally for consideration; and, a Congress with Democratic majorities failed to pass a cap-and-trade bill during the first two years of Obama Administration.

Today the divide between the two parties on energy and the environment resembles a chasm, wider and deeper than ever before. Consider a remarkable poll from the Pew Research Center that recently showed that Democrats are more afraid of global warming than the threat from the new Islamic Caliphate emerging in Iraq and Syria - the Republicans were roughly the opposite.

At the same time, there is growing unease, confusion and mistrust among officeholders in both parties about steps by the Administration to achieve its climate change goals:

Attorneys General from thirteen states wrote to the head of the federal Environmental Protection Agency demanding the withdrawal of its proposed rules for reducing carbon dioxide emissions from power plants (and a coalition including eleven states have announced plans to fight them);

Vulnerable Democrats in November's upcoming elections, like a veteran House lawmaker from West Virginia, are slamming the Obama Administration for reportedly wanting to side-step Congress in a new international climate change agreement, a move Obama's State Department seemingly denied;

Meanwhile, the Obama Administration itself recently took steps to open up waters off the East Coast for eventual oil and gas production, disconcerting its allied environmentalists.

But, simultaneously, other trends highlight big changes coming to the traditionally, slow-to-change electricity industry:

American private electric utilities have been investing a lot in recent years in transmission infrastructure - vital for the expansion of renewables - after funding dropped between the 1960s and 1990s;

A serious, expert debate is emerging about the need to take a fresh look about the way electricity is made and sold, especially in light of last winter's deep freeze weather which threatened widespread power outages and raised prices to record highs.

A regional grid operator underlined its potentially significant power reliability issues which could become "dire" in a too-rapid transition from coal to natural gas and the head of the Federal Energy Regulatory Commission warned that "markets are being asked to do things they were not designed to do", like "meeting specific resource targets for specific types of resources". FERC Chair LaFleur also noted that the phenomenal growth of wind power and its cheap source of electricity have confused market pricing signals that influence investment. Regulatory reform though is expected to be slow in coming.

Leading associations for the utility industry and the environmental community are working together to promote reform to the electricity generation business model. The Edison Electric Institute and the Natural Resources Defense Council have agreed that there is no one basic model for state governments to implement; new electric rate designs are required; and that customers want more control over their electricity use as technology changes.

The regulatory and market foundation for offshore wind continues to grow with three new areas off North

Carolina formally designated as suitable for commercial wind development, a successful auction (reported in this publication) completed for the waters off Maryland and the just-announced final federal approval for Deepwater Wind to begin construction of its wind farm offshore Rhode Island (with approval for the subsea transmission cable expected soon.)

So, for European readers especially, how should you make sense of this confusing jumble of news? And, what does it all mean for the future of marine renewable energy in the USA?

1. As the examples above show, there are many cross-currents at play that defy simple explanations from party labels alone. And, many of the conflicts over energy and the environment tend to be rooted more in regional differences than in simple partisan politics.
2. The factors driving marine renewables in America almost certainly will be different from those in Europe. Massive government subsidies and renewable mandates will count for much less here than grid modernization, transmission expansion and the widely-varying electricity supplies and demands in U.S. states and regions.
3. The fights over climate change or energy reflect in many respects the larger, enduring political stalemate where both parties are in flux and neither party has enough power to force through its preferences in whole. This in turn heightens the strength of extremes in both parties, the jockeying for political edges and the primacy of elections to alter the balance of power. Clarity, constancy and a return to a more bipartisan approach frankly may have to wait for the dust to clear after the 2016 Presidential and Congressional elections.
4. As so often happens in American civic life, the broad private sector doesn't wait for the political class, but moves ahead finding local, state and regional answers to tough questions while focusing on building businesses and rejuvenating communities. U.S. marine renewables may look more to these new private-public partnerships as well as new overseas markets to spur growth.

Finally, the American system will need to work through some fundamental questions about the primacy of climate change over grid reliability and affordable electricity; the importance of diverse electricity options, a modernized grid and the encouragement of technological change; and, the changing roles of government during times of fiscal challenge. Nevertheless, despite all of its challenges, this observer wouldn't bet against a new twist of the old rhyme: restoring the broken egg of American energy and environmental policy and promoting the growth of the U.S. marine renewable industry.

Source: Douglas L. Faulkner for Marine Renewables News

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