



## Energy Policies Needed to Serve The Public Interest in the 21<sup>st</sup> Century

**First Half of the 20<sup>th</sup> Century.** From the invention of the light bulb until the 1950s, it can be argued that regulating energy monopolies served the “public interest.” By mid-century, virtually the entire country had reliable electricity service at stable prices. Natural gas was plentiful and so inexpensive that it was often flared in the field as a by-product of the production of crude oil. The Post WWII economy was a consequence of enormous pent-up consumer demand, the reconstruction of Europe, a new arms race, and the start of a baby boom.

**Second Half of the 20<sup>th</sup> Century.** However, the second half of the 20<sup>th</sup> Century brought changes to America and the Globe that could not have been foreseen when the light bulb, the automobile, the airplane, the telephone and the electric and natural gas monopolies were built and subsequently regulated. The Oil Embargo in the fourth Quarter of the 20<sup>th</sup> Century and its geopolitical aftermath both at home and abroad has had a profound effect on the United States as well as its domestic and global economic and strategic security interests.

**First Quarter of the 21<sup>st</sup> Century.** Entering the 21<sup>st</sup> Century, the U.S. experienced, indeed inspired, a global technology revolution. Yet, by the turn of the Millennium, a financial “tech bubble” slowed the flow of capital into the emerging technology sector, and began a major market correction. Less than two years later, the U.S. experienced a modern day “Pearl Harbor.”

Western economic and strategic security issues have led to a major global economic and financial restructuring, an enormous rise in public debt, as well as profound financial/monetary policy changes. Yet, despite all of the challenges we have faced since the U.S. lost control of world oil prices, the stock market is only now a hair away from challenging tops that were obtained as a result of the first U.S.-led global technology revolution.

**Serving the Public Interest in the 21<sup>st</sup> Century.** Given this simplified overview of the monumental changes that have occurred, can there be any doubt that the legal/financial/regulatory paradigm created to regulate the Public Service monopolies of the early 20<sup>th</sup> Century is both outdated and ill-equipped to serve the Public Interest of the 21<sup>st</sup> Century?<sup>1</sup>

*Stepping back from the politics of fiscal and monetary policies, it may be more instructive to examine what appears to be the current demand for Public Services versus the current supply of Public Resources to meet that demand in the first Quarter of the 21<sup>st</sup> Century*

1. The Public Service monopolies of the early 20<sup>th</sup> Century have had and continue to have low cost access to significant financial resources as well as the expertise that is critical to protect the *strategic national security interests* of the United States in the early 21<sup>st</sup> Century.
2. *However, the demand for these public resources has changed dramatically from the early 20<sup>th</sup> Century to the early 21<sup>st</sup> Century.* Today the supply of these public utility resources must necessarily be focused on the national security imperatives of rebuilding, upgrading and protecting America's critical energy infrastructure.
3. *American social, energy and national security policies are absolutely dependent on the availability of these public services and resources* to rebuild and upgrade America's 21<sup>st</sup> Century energy, information, and cyber security infrastructure.
4. Over the same time, America has only begun to realize that it has far greater potential to become more energy independent than the last quarter of the 20<sup>th</sup> Century led public policy makers to believe.
5. In addition, both private industry and private capital is and can be incited to meet the exploding demand for public services and resources that is currently in short supply.

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<sup>1</sup> Ironically, the very light bulb that started the U.S. utility industry was recently outlawed in 2012.

6. Lastly, and most importantly, given the obvious disconnect between the supply of and demand for public services and resources, the attitude about *who* can and should serve the public interest and *how* needs to be reexamined to serve the Public Interests of the 21<sup>st</sup> Century.

*The Public Service Paradigm of the 21<sup>st</sup> Century must necessarily convert the 20<sup>th</sup> Century "Obligation to Serve" into an exciting and socially responsible "Opportunity to Serve" the Public Interest for the 21<sup>st</sup> Century.*

The Social Compact that defined the 20<sup>th</sup> Century *Obligation to Serve* is evolving into a new 21<sup>st</sup> Century *Opportunity to Serve*. Utilities historically were "Obligated to Serve" consumers in exchange for a guaranteed return of and return on invested capital.

The bottom line is that private capital is absolutely necessary to meet the disconnect between the supply of and demand for public services and resources. Members of the National Energy Marketers Association (NEM)<sup>2\*</sup> are honored to serve this public interest. It is also in the public interest to transition utilities out of competitive markets in order to free their resources to invest in a reliable 21<sup>st</sup> Century infrastructure.

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<sup>2</sup> The National Energy Marketers Association (NEM) is a non-profit trade association representing both leading suppliers and major consumers of natural gas and electricity as well as energy-related products, services, information, and advanced technologies throughout the United States, Canada, and the European Union. NEM's membership includes independent power producers, suppliers of distributed generation, energy brokers, power traders, global commodity exchanges and clearing solutions, demand side and load management firms, direct marketing organizations, billing, back office, customer service and related information technology providers. NEM members also include inventors, patent holders, systems integrators, and developers of advanced metering, solar, fuel cell, lighting, and power line technologies.