

**“INDUSTRY IS FROM MARS, ENVIRONMENTALISTS ARE FROM VENUS: RECONCILING OUR DIFFERENCES ON EARTH.” – A UTILITY PERSPECTIVE**

PREPARED FOR PRESENTATION BY RICHARD LEHFELDT\*; PRESENTED BY GREG NELSON\*\*

Good morning. As our moderator Deb Swim indicated, my name is Greg Nelson and I'm Director of Environmental Affairs for Tampa Electric Company. Those of you who have been involved in the organization of this conference may already know this, but I'm actually standing in today for Richard Lehfeldt, our Senior Vice President for External Affairs. While Richard is far more eloquent than I could ever hope to be, he could not be here today due to a very interesting personal conflict. Richard is up in Ohio watching his son compete in a Junior Olympics fencing competition. Richard sends his regrets and wanted me to tell you that he hopes the conference is a huge success.

Since Richard wrote this presentation based on his own personal experience, and since Deb chose to bring in some props, I decided I needed to use some props of my own. I want you to pretend that this debonair gent (holding up photo of Richard Lehfeldt) is making this presentation.

When Gina Fegan first announced this conference on e-mail to the invited speakers, she used the working title “Industry is from Mars, Environmentalists are from Venus: Reconciling Our Differences on Earth.” I wanted to start by saluting its brilliance.

The title, which of course refers to that wonderful book (and its less wonderful sequel) about how differently men and women communicate and the misunderstandings that result from those differing styles, captures perfectly the perennial and often frustrating dialogue between the Energy People and their estranged brethren the Environment People. The missed cues and often divisive dialogue between these two tribes reminds one of George Kennedy's famous line from “Cool Hand Luke”: “What we have here is a failure to communicate.”

With fleeting exceptions, these two groups have worked together only sporadically and on discrete tasks. The last comprehensive national task that they collaborated on was the Clean Air Act Amendments of 1990. That collaboration was initiated by fiat when the last President Bush (referred to by political aficionados as “41” to distinguish him from the current President) announced at the

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beginning of his term that he would set Clean Air Act reauthorization as a top priority of his administration.

That pronouncement forced the Energy People and the Environment People into the same room for the two years of the 101st Congress (1989-1990) to forge a resolution of issues that had divided them for close to a decade. I (Richard Lehfelddt) was then Counsel to the House Energy Subcommittee, and am here to report that it was a bruising and exhausting two years that produced a largely excellent product, the proof being that neither side was completely satisfied with the end result.

The iron anvil of the Clean Air Amendments of 1990 was the acid rain title, Title IV of the statute, which saw the enactment of absolute national caps on SO<sub>2</sub> emissions and the establishment of an emissions trading regime to establish the value and optimal use of the emission allowances. Once the Battle of 1990 ended, the Energy People and the Environment People retreated to their un-neutral corners with different but very real senses of victory. The Energy People had achieved that rarity in environmental legislation: a fairly clear set of mandates with a market-based enforcement regime. The Environment People had achieved a dramatic, enforceable, and verifiable reduction in key emissions from utility power plants.

The point of this now ancient history is that we Martians and you Venusians can speak to each other, work together, and bring about real social benefits under the right set of circumstances. Since I have been asked to give some "regulatee perspectives," let me suggest a few.

First, contrary to popular perception, we Energy People are not ogres. We are, for the most part, hardworking engineers, businesspeople, lawyers, and accountants creating a vital national resource. The decisions that we make, all under the watchful eye of both our rate regulators and our environmental regulators, balance on a daily basis our twin and often conflicting missions of providing a cost-effective product and an environmentally benign product. In the eyes of many, that balancing act is never quite right, but I know of few people in this industry that do not take extremely seriously the need to achieve that balance.

Second, we will almost always take regulatory clarity over regulatory ambiguity, even if the latter may appear to allow for a more permissive standard. Our industry, the most capital-intensive industry in the world, can ill afford to make the scale of investment decisions we are called upon to make in a regulatory environment that is unclear as to either the legal requirements or the penalties for non-compliance. The divisive and continuing struggle over the

trigger point for applicability of New Source Review is a classic struggle of no-win environmental politics.

Third, industry takes well to, and performs well under, a market-based regime. Again, the success of the Title IV emissions trading program is a prime example of what industry can achieve if given the opportunity. In this regard, it is surprising to me that there are still those in the environmental community who view trading regimes as either a gimmick or a free ride, as witnessed in the continuing debate on this matter in the context of the Kyoto Protocol.

I am not naïve enough to think we have traveled down the road to a point where we Energy People and you Environment People can hold hands and sing Kumbaya over each and every environmental issue (and maybe we never will get to that point), but we can all strive to communicate more effectively. We can do this by stepping back, not jumping to conclusions, avoiding inflammatory rhetoric, looking at issues from each other's perspective, and trying, no matter how painful it might be, to strive for those win/win opportunities even if neither side gets everything they want. Perhaps the current President Bush ("Dubya" or "43" to those of you who are close personal friends) has given us another opportunity to test this cooperative approach with his "Clear Skies Initiative" that was announced this past Thursday.

Thank you for the opportunity to present a utility's perspective this morning.

