Canada - United States
Inter-Parliamentary Group
Canadian Section

Groupe interparlementaire
Canada - États-Unis
Section canadienne

Report of the Canadian Parliamentary Delegation to the National Governors Association: Winter Meeting

Canada-United States Inter-Parliamentary Group

Washington, D.C., United States of America
February 23-25, 2008

Report

From 23-25 February 2008, Mr. Rob Merrifield, M.P., co-Chair of the Canada-United States Inter-Parliamentary Group (IPG), led a delegation to the winter meeting of the National Governors Association (NGA) in Washington, D.C. The delegation included Senators Wilfred Moore and Len Gustafson as well as Mr. James Rajotte, M.P. The theme for the NGA's activities this year – including the February winter and July summer meetings – is "Securing a Clean Energy Future."

Founded 100 years ago when President Theodore Roosevelt gathered state governors in order to discuss the nation's resources, the NGA is the collective voice of U.S. governors from the 50 states, three territories and two commonwealths. It is also an important public policy organization that represents the governors on Capitol Hill and before the U.S. Administration on federal issues that affect them, and that develops and implements solutions to public policy challenges.

The NGA is supervised by a chair, vice-chair and nine-person executive committee, and governors participate on four standing committees – Economic Development and Commerce; Education, Early Childhood and Workforce; Health and Human Services; and Natural Resources – as well as on special ad hoc, bipartisan task forces.

At this meeting, each of the four standing committees and the Securing a Clean Energy Future Task Force held a session; as well, there were opening and closing plenary sessions. In particular, the meeting included the following sessions:

- Opening Plenary Session – Securing a Clean Energy Future: The Case for Action;
- Securing a Clean Energy Future Task Force – The Role of Coal and Nuclear Power in a Clean Energy Future;
- Economic Development and Commerce Committee – Shaping the Future of National Surface Transportation Policy and Finance;
- Education, Early Childhood and Workforce Committee – Innovative Governor-Led Strategies to Turn Around Struggling Schools;
- Health and Human Services Committee – The Future of Long-Term Care: Challenges and Opportunities for States;
- Natural Resources Committee – Traditional Domestic Energy in a Clean Energy Future; and
- Closing Plenary Session – The Role of Technology and Innovation in Securing a Clean Energy Future.

Governor Tim Pawlenty, Chair of the NGA for a one-year period, announced the "Securing a Clean Energy Future" initiative in July 2007 and noted that the United States "is too dependent on imported sources of energy and greenhouse gas emissions

continue to grow too quickly." He suggested that "Governors have a tremendous opportunity to lead the country toward a cleaner, more independent, more secure energy future." Moreover, he indicated that, in the context of the initiative, governors and states can:

- increase production of cleaner domestic fuels;
- promote advanced electricity generation;
- improve energy efficiency and conservation; and
- accelerate the research and development of clean energy technologies.

Members of the IPG have been attending the winter and summer meetings of the NGA for several years. At this winter meeting, Canadian delegates were able to continue their dialogue with governors on issues of joint interest, including enhanced driver's licences, border crossings and bilateral energy trade. In particular, discussions were held with Governors Granholm (Michigan), Palin (Alaska), Gregoire (Washington), Freudenthal (Wyoming), Baldacci (Maine), Rell (Connecticut) and Spitzer (New York).

Their interactions with governors enable Canadian members of the IPG to achieve better the aim of finding points of convergence in respective national policies, initiate dialogue on points of divergence, encourage exchanges of information and promote better understanding on shared issues of concern. Moreover, the NGA meetings provide the IPG with an important means to provide input to, and gather information about, state-level issues that affect Canada. It is anticipated that the IPG's attendance at the winter and summer meetings will continue.

This report summarizes the main points that were made in the plenary, Task Force and selected standing committee sessions.

PLENARY SESSION – Securing a Clean Energy Future: The Case for Action

Thomas L. Friedman*, Author and Columnist for *The New York Times

In his presentation to the NGA, Mr. Friedman indicated that "green is the new red, white and blue," there are five "tipping points" that must be considered, and the Chinese system of government is superior to the U.S. system in terms of the ability of the Chinese government to dictate outcomes in the national interest. He also stressed the importance of "scale," public-private partnerships and political leadership in terms of the systemic response needed to achieve scale.

o "green is the new red, white and blue," and the world is hot, flat and crowded:

- hot because of global warming;
- flat because of the increasing global demand for products; and
- crowded because of population growth

o there are five "tipping points," and they have a common underlying theme of clean, abundant, inexpensive, renewable fuel:

- rising energy prices;
- climate change;
- “petropolitics;”
- energy poverty; and
- biodiversity losses

o the companies that develop and implement solutions to these five tipping points will “own” the 21st century; a key question is whether the solutions will be found in the United States

o the rewards for those at the forefront of the energy revolution will be transformational rather than incremental; in order to take the lead, the United States must view “green” as a transformational opportunity rather than as an ordinary investment or cost

o if it were mandated that – by 2025 – the nation would have specified proportions of nuclear, wind, natural gas, etc. energy sources, everyone would ultimately rally and the mandated goals would be met

o China’s system of government is inferior to the U.S. system in every way but one: the ability of the Chinese government to dictate what it wants in order to reflect its strategic, long-run, national interest; for example, while it took more than 30 years to improve fuel economy in cars in the United States, in China the decision was made in 2003 and came into effect two years later

o the United States is “really close to something really big,” and is “primed” for a “geo-green” takeoff; however, political leadership, courage and vision are lacking, and “if you don’t have scale, you don’t have anything”

o the only way to get scale is with a systemic response, and such a response – which is lacking at this time – requires political leadership; a system of policies that would create incentives to support “green” actions is needed

o it is not possible to make a product “greener” without also making it “smarter”

o public-private partnerships are needed; political leadership, vision, incentives and programs would bring about appropriate private-sector behaviours

o better price signals are needed; consider that cell phones changed lives, and people were willing to pay for cell hones; people are likely to be unwilling to pay more for solar, wind, etc. energy to power their lights, since they already have lights

o going forward, there are certain dichotomies to consider:

- urban sprawl versus upwardly smart;
- relaxed energy standards versus steadily higher efficiency standards forcing ever-higher innovation;

- no national goals versus the U.S. as the “aspirational moon shot” of this generation; and
- the U.S. as the last holdout at climate change conferences versus the U.S. as the most committed country and a country that leads by example

o ordinary people can do extraordinary things

***Jeffrey R. Immelt*, General Electric Company**

In speaking to the NGA about the role that business can play in the “geo-green” revolution, Mr. Immelt identified four pillars to a competitive society, three philosophies by which the General Electric Company manages its business, various issues related to innovation and technology, and five ways in which the states can lead the federal government as the United States moves forward.

o there are four pillars to a competitive society:
- education;
- health care;
- energy; and
- financial institutions that promote growth

o clean energy is more than just an innovation; it needs to be a public policy

o energy makes the United States competitive, but there are a number of tough challenges ahead:
- the price of oil, which is likely to be relatively high for quite some time;
- rising consumer demand for a rising standard of living, which results in rising energy demand (consider, for example, increased car purchases in some countries that are experiencing a rising standard of living);
- fear, with energy “haves” and energy “have nots;”
- the time horizon in respect of some forms of energy (consider, for example, the time horizon associated with a nuclear plant);
- the “science” of global warming; and
- weak infrastructure

o a “big” company can only be grown by being “big” in “big things or themes;” consider:
- infrastructure and infrastructure technology;
- emerging markets;

- environmental solutions;
- demographic change;
- digital connections; and
- integrative solutions

o the three philosophies by which the General Electric Company manages its business are:

- energy security is enhanced through energy diversity, and energy independence may not be a feasible goal in this lifetime;
- actions have economic impacts, and reducing costs and creating jobs are priorities; and
- it should be assumed that, at some point, there is likely to be a carbon tax, a cap-and-trade system, etc., and it is important to plan for the future

o there are three important levers to keep in mind for the future:

- a massive infusion of innovation and technology;
- a real focus on selling clean energy products worldwide, with becoming clean energy products an export industry; and
- engagement of government and industry in a constructive public policy that will lead to the attainment of the future that is envisioned

o in terms of innovation and technology, the market should be permitted to make innovation happen; much innovation can be brought to bear in respect of:

- efficiency;
- conservation, including incentives for reduced energy consumption;
- renewable forms of energy, including wind, solar and biofuels;
- new technology, including carbon capture and storage, “smart grids,” better baseload management, and industrial reuse and conservation of water;
- more entrepreneurial funding in respect of energy; and
- efforts designed to reduce the cost of technology

o countries become “good” when they match innovation with domain expertise, and the United States can excel in the area of clean energy; the U.S. should use technology and should export clean energy, with modern manufacturing techniques and the identification of cost-effective markets

o governments have a central role to play in determining how the future will unfold, and there are a variety of ways in which state action may lead federal action, including:

- promoting innovation, including through market incentives to drive innovation;
- supporting the commercialization of projects, including those related to nuclear energy and carbon sequestration;
- updating regulatory frameworks in order to prompt the "right" behaviours;
- determining how best to use colleges, universities and an entrepreneurial focus; and
- at some point, supporting national goals and standards

SECURING A CLEAN ENERGY FUTURE TASK FORCE – The Role of Coal and Nuclear Power in a Clean Energy Future

***Thomas Farrell II*, Dominion**

Mr. Farrell, in his presentation to the Securing a Clean Energy Future Task Force, spoke about the importance of making the right decisions today to meet the needs of tomorrow, the key elements of an energy strategy and the need for political will to move forward on energy issues.

o at the end of the first decade of the 21st century, we are facing a period of consequences; the decisions made today will affect the future cost and availability of energy, and the United States is headed for an "energy train wreck" unless the correct national decisions are made

o consumers should be informed about the true costs of energy policy, use and environmental degradation; while desired by everyone, a clean environment comes at a cost

o the scale of the energy business is immense, and the business is immensely capital intensive

o an integrated energy strategy is needed; this strategy should focus on both supply (production) and demand (consumption)

o the linchpin of the solution to energy issues is diversification, with a focus on efficiency, conservation, renewable forms of energy and traditional sources of energy

o the "Powering Virginia" initiative focuses on energy management, production and delivery; while the first two elements are often considered, transmission cannot be ignored, since energy must be transported to where it is needed

o utilities do not conserve energy; for that reason, it should be recognized that customer acceptance and use affect conservation

o at this point, a number of renewable forms of energy are supplements to the "workhorses" of traditional energy

o coal must not be ignored or “demonized;” instead, there is a need to learn how to use coal, since it is the nation’s most abundant energy source

o nuclear power must be part of the future energy equation

o the United States has the talent, creativity and means to move forward with energy solutions; what is needed, however, is the political will to move forward

***Daniel Yergin*, Cambridge Energy Research Associates**

In his presentation, Mr. Yergin indicated on the factors motivating a focus on clean energy, the major reasons for the current price of oil, and the role of states in clean energy and energy development.

o such factors as high energy prices, shifts in public opinion and a desire for energy security are driving the development of clean energy

o the major reasons for the current price of oil include:

- the slowing of the U.S. economy;
- interest rate reductions by the U.S. Federal Reserve Board;
- the reappearance of inflation; and
- the relatively low value of the U.S. dollar

o issues related to geopolitics, cost and political instability are resulting in delays to, and postponement of, some projects

o there is a great “bubbling” of innovation across the energy spectrum; while there is a broad range of opportunities and benefits, there are also risks and pitfalls

o renewable technologies are poised for significant growth

o government policy is a key driver in the development of clean energy, and clean energy is a “big part” of the “big picture”

o for governments, the challenge is to grant subsidies in a manner that provides incentives for technology development and that involves the phase out of subsidies as the technology is commercialized

o mandates should be set at levels that are achievable

o the “big three” in terms of energy consumption – the United States, the European Union and China – will have a major impact in terms of energy development

o energy independence is a goal that is unachievable

o while there are tremendous challenges, there are also tremendous opportunities; the states are the laboratories for energy initiatives, and they should treat energy efficiency and conservation as a competitive advantage

o major initiatives are needed in order to reduce, if not eliminate, trade barriers in respect of renewable technology; the marketplace should be global rather than national

***Michael G. Morris*, American Electric Power**

Mr. Morris highlighted the role that will be played by coal and nuclear power as the United States pursues its energy goals, and the need to export energy technology worldwide. Brief mention was also made of solar power and natural gas.

- economic growth depends on the ability to fulfill energy needs while also meeting the price requirements of consumers and recognizing the realities of global warming
- coal should be considered in two ways:
  - coal is an important existing resource, and licenses should be extended, facilities should be retrofitted, etc.; and
  - funding should be allocated to of research into what should be done with carbon dioxide
- there is a lack of public support for nuclear power
- in terms of renewable energy, the United States can – and should – push the technology envelope in order to export that technology to the world
- solar power is extremely expensive
- in the face of siting difficulties, tremendous political will is needed
- world demand for natural gas is growing by leaps and bounds

EDUCATION, EARLY CHILDHOOD AND WORKFORCE COMMITTEE – Innovative Governor-Led Strategies to Turn Around Struggling Schools

***Dr. Pedro Noguera*, Metropolitan Center for Urban Education**

Dr. Noguera spoke to the Education, Early Childhood and Workforce Committee about school dropout rates, circumstances in schools that prompt students to leave school early, and minimum school standards to which every student should be entitled.

- with school dropout rates of 50% in some states, there is a clear need for change; often, children drop out of school because they do not see a high-school education as a pathway to a better job and out of poverty
- in seeking to determine what is happening in those schools with high dropout rates, it is important to note that generalizations cannot be made about class size, financial resources or years of teacher experience; however, the concentration of poverty is a common denominator, since struggling schools are almost always teaching poor children and the teachers must also function as social workers
- economic and social needs affect educational needs and abilities; poverty affects the ability to learn
- it is possible to have high-performing, high-poverty schools; under the right conditions, children and youth who live in poverty can achieve at high levels
- there is a need to think about school standards differently, and to establish standards in respect of what states must do in order to ensure the existence of conditions for learning; every child in school should, for example, be entitled to be taught by certified teachers

o intervention should occur in very different ways; since economic, health, social and other challenges contribute to educational challenges, there is a need to bring economic development, health, social services, educational and other experts together in establishing a holistic link between education and the community

Comments by Governors about Education in their States

Selected members of the Education, Early Childhood and Workforce Committee commented on education- and early childhood-related practices and priorities in their states.

***Governor Brad Henry*, Oklahoma**

o there is a need for greater parental involvement in the education of children

o it is important to "raise the bar" and to communicate the higher standards and levels of attainment that students are expected to meet; students should be pushed to achieve at a high level, although efforts should also be directed to ensuring that dropout rates do not rise as a result

o in Oklahoma, the ability to pass eighth grade literacy and reading tests is tied to the ability to get a drivers licence

o quality early childhood education delivers "the best bang for the buck;" since the brain is "hard-wired" early in life, the period from birth to four years of age is critical

o early childhood education teachers should be certified, and the ratio of certified teachers to children should be "correct"

o ideally, children should arrive at school healthy as well as ready and eager to learn

o since parents should have as many options as possible, Oklahoma offers a voluntary, four-year-old school program; there is also full-day kindergarten

o the Educare program developed in Chicago by the Ounce of Prevention Fund is a successful model directed at children from birth to five years in high-risk populations; parents sign a contract, agree to be involved in their child's education, and must spend a certain number of hours per work in the school working with their child and the certified teacher, etc.

o much can be accomplished through public-private partnerships, which are important – in part – because it is not feasible to build classrooms everywhere; using existing non-school spaces to deliver education is a good approach

o Oklahoma has an ACE – Achieving Classroom Excellence – initiative

o more difficult, college-preparation curricula in high school should be mandatory for all students unless parents proactively opt out for their child

o the idea of a series of exams throughout high school, known as "end of instruction" exams, has merit, with the option to retake the exams if necessary

o educational curricula should be aligned with workforce needs

***Governor Donald Carcieri*, Rhode Island**

o when considering how best to educate our children, certain key questions must be answered:

- should efforts be broadly based or targeted?
- how should program quality be monitored?
- how should efforts be funded?

o data reveal the benefits of pre-kindergarten in enhancing school readiness; the benefits are particularly important for children who are at risk

o in some regions, there are achievement gaps between urban and rural schools

o the business community is important in terms of mentoring, internship and/or co-op opportunities; particular efforts should be directed to connecting businesses and at-risk youth

o an important standard to be met prior to graduation is proficiency in reading, writing and mathematics; students should be required to demonstrate competencies in order to receive their high-school diploma

***Governor Bill Ritter*, Colorado**

o full-day kindergarten should be available as an option

o pre-kindergarten should include an educational component in order to ensure that children are "learning-ready" when they enter kindergarten

o beginning in middle school, efforts should be directed at working with youth to plan their post-high-school activities

o there should be a focus on what is actually learned or the competencies that are gained

***Governor M. Jodi Rell*, Connecticut**

o states should make a long-term commitment to early childhood education, including through capital funds for pre-school programs and infrastructure

o if students can make it through the fourth grade, their odds of graduating from high school rise by 75%

o youth should be required to pass tests prior to graduation

***Governor John Baldacci*, Maine**

o there is a need to keep children and youth interested in learning

o "learning by doing" might be relatively more interesting and engaging for students than "book learning"

o for students, particularly high-school students, education should be combined with career exposure

***Governor Sonny Perdue*, Georgia**

o Georgia has had a universal, voluntary pre-kindergarten program since the early 1990s

o participation in pre-kindergarten yields greatly enhanced progress until grade five; a levelling effect begins at grade six

o youth must be convinced that a high-school education has value

o an approach that has worked in Georgia is high-school graduation "coaches," since youth often revere their sports coaches; as well, Chambers of Commerce have a role to play in respect of community "coaches" who can provide internships and co-op placements

o Georgia has a VIP – Very Important Parents – initiative that is focused on parental involvement in their child's education

o individual relationships, or one-on-one intervention, should occur between mentors and youths who are at risk of dropping out of school or of failing to graduate

***Governor Timothy M. Kaine*, Virginia**

o attendance in a pre-kindergarten program reduces the odds that a student will have to repeat a grade

o pre-kindergarten should be expanded

o there should be a focus on educational excellence, and we must push beyond mere competence; as well, schools that achieve excellence should be rewarded

o all students – not just those in special education – should have individualized education plans; moreover, in middle school, students and parents should be engaged in the development of career plans

o the United States must not be left behind in the "talent race," and the country must work on leading the world in post-secondary education

NATURAL RESOURCES COMMITTEE – Traditional Domestic Energy in a Clean Energy Future

***Edward Kelly*, Wood Mackenzie Limited**

During his presentation to the Natural Resources Committee, Mr. Kelly identified certain inevitabilities about a reliance on domestic energy sources.

o there are certain inevitabilities about U.S. reliance on domestic energy sources:

- the United States will continue to rely on imported oil until at least 2027, and energy demand will continue to grow despite efficiency and conservation measures, price-induced demand changes, growing domestic production of traditional and non-traditional energy sources, etc.;

- there is an increasing reliance on domestic natural gas in the U.S., and investments must occur in order to ensure the existence of a reliable supply;

- natural gas imports are likely to grow despite domestic supply growth, since demand will increase as a consequence of economic growth; and

- a lot of the “pedal hits the metal” at the state level regarding incentives and influences on demand; within this context, the rules for generators and utilities should be clarified, and all parties should be sure about what is being subsidized

***Jonathan Schrag*, Hudson Strategic Energy Advisors**

Mr. Schrag spoke to the Natural Resources Committee about research and development, coal, renewable energy technology, and the relative merits of a carbon tax and a cap-and-trade system.

o coal will be an important aspect of U.S. energy security, in part because of an abundance of coal; however, until emissions are priced, a conventional coal plant will always be less expensive than a clean coal plant

o renewable energy technology is important

o managing the carbon from fossil fuel reserves is a challenge, and long-term incentives to manage carbon emissions should be designed

o performance standards are relatively more useful for products with a short life, such as cars, than for products with a longer life, such as power plants

o with a carbon tax, the environmental benefits depend on demand but the price (or tax) is known; with a cap-and-tax system, the price of compliance depends on demand but the environmental benefits are known

o both a carbon tax and a cap-and-trade system generate revenues that can be allocated to research, demonstration projects, subsidies to those with low income, etc.

o in terms of research and development, and its deployment, states have the primary jurisdiction and are best suited to link the private sector with the research; in particular, in respect of:

- research, states can leverage funds with universities and research laboratories;
- development, states can link technologists and investors; and
- deployment, states can coordinate private energy firms, financial firms and policy makers

o many smaller projects that can be “ramped up” are preferred to one large project

o in terms of states and coal technology, important considerations are:

- carbon permit trading;
- research, development and deployment funds that include a focus on technology to advance carbon capture and storage;
- more carbon capture and storage demonstration projects in many different settings; and

- an examination of regulatory standards in order to enhance public acceptance of carbon capture and storage

PLENARY SESSION – The Role of Technology and Innovation in Securing a Clean Energy Future

***R. James Woolsey*, Vantage Point, Paladin and Booz Allen**

In speaking to the NGA, Mr. Woolsey highlighted the two categories into which international issues can be placed. In particular, he spoke about those that can be categorized as malignant and those that can be characterized as malevolent.

o malignant international issues create the risk of catastrophic change at some future date; an example is climate change

o malevolent international issues include, for example, terrorism

o in terms of malevolence, consider:

- the electricity grid is increasingly vulnerable and could be acted upon relatively easily, although it should be recognized that the grid could be compromised by terrorists or by a tree branch;
- the price of oil and the path of freedom run in opposite directions, and terrorism is funded by oil purchases; and
- the Middle East is vulnerable to attacks on its oil infrastructure

o in terms of malignance, consider:

- there are many ways in which complex systems can fail catastrophically;
- in respect of climate change, there are a number of effects in nature that, when they go beyond a tipping point, can cascade in their failures; and
- when things will happen and the degree to which they will happen are uncertain

o going forward, there is a need to deal with climate change issues and to address the security issues arising from malevolent forces

***John Doerr*, Kleiner Perkins Caufield & Byers**

Mr. Doerr addressed the NGA on such topics as climate change and the areas in which solutions to climate change challenges might be found, and identified five “calls to action” for U.S. governors.

o climate change is the biggest challenge that has ever been faced; action must be taken now, and with both speed and scale

o while the states are ahead of the federal government, not enough is being done; the next three to five years will be important for heading off irreversible climate change

o global warming is both a crisis and an unparalleled economic opportunity; however, there is no silver bullet

- the solution to climate change is linked to three Cs:
  - conservation;
  - coal; and
  - cars
- policies that do not pick winners and losers, but that instead support all biofuels, are needed
- clean coal solutions must be created while work is being done on renewable energy that can replace coal
- "calls to action" for the U.S. states include:
  - pressure the federal government to put a price on carbon;
  - demand that the U.S. Congress extend selected tax credits;
  - enforce renewable portfolio standards in all states;
  - fix the rules that govern utilities in order to make them drivers of efficiency; and
  - establish stricter building standards
- people and governments must act individually and collectively as efforts are made to lead with speed and scale

Respectfully submitted,

Hon. Jerahmiel Grafstein, Senator Co-Chair, Canada-United States Inter-Parliamentary Group	Rob Merrifield, M.P. Co-Chair, Canada-United States Inter-Parliamentary Group

Travel Costs

ASSOCIATION	Canada-United States Inter-Parliamentary Group
ACTIVITY	National Governors Association: Winter Meeting
DESTINATION	Washington, D.C., United States of America
DATES	February 23-25, 2008
DELEGATION	
SENATE	Hon. Wilfred Moore, Senator Hon. Leonard Gustafson, Senator
HOUSE OF COMMONS	Rob Merrifield, M.P. James Rajotte, M.P.
STAFF	Elizabeth Kingston, Executive Secretary Émilie Thivierge, Executive Secretary June Dewetering, Analyst
TRANSPORTATION	**$2,022.25**
ACCOMMODATION	**$5,332.49**
HOSPITALITY	**$Ø**
PER DIEMS	**$1,451.68**
OFFICIAL GIFTS	**$Ø**
MISCELLANEOUS/REGISTRATION FEES	**$4,845.80**
TOTAL	**$13,652.22**