

Canada - United States
Inter-Parliamentary Group
Canadian Section



Groupe interparlementaire
Canada - États-Unis
Section canadienne

**Report of the Canadian Parliamentary Delegation
respecting its participation at the Southern Governors'
Association 75th Annual Meeting**

Canada-United States Inter-Parliamentary Group

**Williamsburg, Virginia, United States of America
August 21 - 24, 2009**

Report

INTRODUCTION

From 21-24 August 2009, Senator Jerry Grafstein, Co-Chair of the Canadian Section of the Canada-United States Inter-Parliamentary Group (IPG), led a delegation to the 2009 Annual Meeting of the Southern Governors' Association in Williamsburg, Virginia. Other members of the delegation included the Honourable Anita Neville, P.C., M.P., Mr. Dean Del Mastro, M.P. and Mr. Rick Dykstra, M.P., Vice-Chair of the Group. While at the meeting, delegates had the opportunity to speak to Governors Kaine (Virginia), Manchin (West Virginia), Bredesen (Tennessee), Riley (Alabama), Barbour (Mississippi), Beshear (Kentucky), O'Malley (Maryland), Perdue (Georgia), Nixon (Missouri) and Perdue (North Carolina). Former U.S. Senator John Warner was an invited speaker.

Founded in 1934, the Southern Governors' Association (SGA) is the oldest of the regional Governors' associations and has a long history of promoting the common interests of Governors of 16 southern states (see the Appendix). The SGA provides a bipartisan forum in which to help shape and implement national policy as well as to solve regional problems, improve the quality of life of residents of the U.S. South, and secure an economically vibrant and prosperous American South.

Of the estimated 7.1 million U.S. jobs that depend on bilateral trade, recent figures indicate that more than 2.6 million jobs in the 16 SGA states rely on Canada-U.S. trade. Bilateral trade was recently valued at more than US\$118 billion: about US\$55 billion was exported from the 16 states to Canada, while they imported just over US\$63 billion from Canada. Eleven of the sixteen SGA states have Canada as their primary foreign export market. Moreover, recent data suggest that, in a one-year period, Canadians made more than 6.2 million visits to the 16 states and spent more than \$3.8 billion, while residents of these states made almost 2.2 million visits to Canada and spent nearly \$1.5 billion in that same period.

The meeting included the following plenary sessions:

- Climate Change, Energy and National Security
- Evaluating State-based Climate and Energy Policies
- A Conversation with Frank Luntz
- Developing a Smart Electricity Grid
- Balancing Energy Demands with Climate Goals
- Transportation Issues
- Regional Considerations for the Federal Health Care Reform Debate.

The interaction with Governors enables members of the Canadian Section of the IPG to achieve better the aim of finding points of convergence in respective national policies, initiating dialogue on points of divergence, encouraging exchanges of information and promoting better understanding on shared issues of concern. Moreover, the meetings with Governors provide the members of the Canadian Section with an important means to provide input to, and gather information about, state-level issues that affect Canada.

This report summarizes the discussions that occurred at the plenary sessions.

CLIMATE CHANGE, ENERGY AND NATIONAL SECURITY

Honorable John Warner, *Hogan & Hartson*

- the U.S. must resolve the issue of global climate change, which is part of a consideration of energy issues; in essence, climate challenges equals energy challenges
- there is no denying that climate change is occurring; one need only look at changes in the Arctic ice cap to see the evidence
- if we wait for 100% certainty in the science, it will be too late to act
- instability is a critical concern, with conflicts over scarce resources and mass migration
- desperation and hopelessness are exacerbated by a hostile physical environment, and can be a “breeding ground” for fanaticism and terrorists
- climate change is associated with threats to both natural and human systems, with implications for water, food, health, etc.
- in response to the question that is sometimes raised about why the United States should act on climate change when China, India, etc. are not, consideration must be given to the United States’ status as the only remaining superpower; the rest of the world looks to the United States for leadership, and other nations may not be prepared to act unless the U.S. does so
- China must realize that the health of the Chinese people is deteriorating as a consequence of pollution
- climate change is a global problem requiring action by everyone
- coal will always be part of the energy mix; the key question is carbon capture and storage

Retired Major General Richard Engel, *Office of the Director of National Intelligence*

- climate change will have an impact on the United States’ national security
- climate change will not cause major state failure before 2030, which is the end of the modelling timeframe, but it will exacerbate such existing problems as poverty, degradation, etc.
- some U.S. infrastructure is at risk because of extreme weather events
- by 2030, the United States is likely to experience:
 - more intense droughts in the southwest
 - exacerbated water shortages
 - floods in the northeast
 - threatened urban areas and coastlines
 - storm damage along the Gulf Coast
- as the Arctic opens up, commerce will rise and the United States will have to work with Arctic partners
- as adaptation to climate change occurs, new types of energy will be sought

- the United States has the ability to exercise leadership on water issues
- climate change will lead to more humanitarian emergencies, and the international community's capacity to act will be increasingly strained
- in terms of national security issues resulting from climate change, considerations include:
 - a fundamental change in water availability leads to migration
 - a change in agricultural productivity leads to migration
 - threats to infrastructure in the developed world result from extreme weather events
 - changing disease patterns lead to migration
- it is not clear how quickly energy transformation will occur; as well, there are technological "unknowns," including in respect of carbon capture and storage, photovoltaics and financing for energy-related research
- models allow the prediction of climate, but not weather

EVALUATING STATE-BASED CLIMATE AND ENERGY POLICIES

Thomas Peterson, *The Center for Climate Strategies*

- state climate action plans should be developed, bearing in mind that "not all states are created equal," and these plans should be updated regularly to ensure that they account for federal and state actions, the recession, changing energy prices, etc.
- the focus should be the development of policies that can actually be adopted
- areas of focus should include:
 - codes and standards
 - funding mechanisms and incentives
 - emissions pricing
 - voluntary agreements
 - technical assistance
 - information and education
 - pilots and demonstration projects
 - reports and disclosure
- in the U.S. South, a number of actions are already being taken that reduce greenhouse gas emissions
- important questions include:
 - what are possible actions that would work?
 - what are the top ten "things" that are the most promising?
 - when should initiatives start, who should be "in charge," and both how – and how aggressively – should the initiatives progress?
 - how should policies be implemented?

- the cost-effectiveness of individual and collective actions should be estimated
- the petroleum consumption associated with transportation is a significant generator of greenhouse gas emissions
- with some energy sources, it takes time to "ramp up," such as with a nuclear power plant
- the choice of policy tool is significant
- there are policy options available in a number of areas, including:
 - agriculture – for example, water and soil conservation
 - transportation – for example, vehicle efficiency, as well as the location of homes and businesses
 - energy – for example, efficiency and conservation
 - electricity – including power plant efficiency
- the focus should be:
 - minimizing the things that can hurt the economy
 - maximizing the things that can benefit the economy
 - realizing co-benefits
- consumers lack adequate information
- those who rent their homes may not have incentives to be energy-efficient
- questions exist about the extent to which higher costs are being, or will be, passed to consumers in the form of higher prices
- the cost of "scaling things up" as quickly as possible should be considered

A CONVERSATION WITH FRANK LUNTZ

Frank Luntz, *The Word Doctors*

- the Governors in the U.S. South are the most popular in the nation, with – on average – more than a 50% approval rating
- residents of the U.S. South are split on President Obama's handling of the economy, since there are at once more optimists as well as more pessimists in the South than there are in other regions of the United States
- in response to the question of what is needed most, answers provided by survey respondents included:
 - accountability
 - common sense
 - change
 - responsibility
 - reform
 - a balanced approach
 - solutions
 - bold action
 - specific proposals
 - new ideas

- a break from the past
- it is important to re-instill a sense of faith and belief in the future, and the notion that your children will have a better life than you have; otherwise, you do not save, you do not invest, etc.
- in the United States, the fear of the future is real and the anger is real
- in response to the question of what you want most in life, answers provided by survey respondents included:
 - an opportunity to succeed
 - the good life
 - the pursuit of happiness
 - the American dream
 - a fair shake
 - to be left alone
- a recent poll revealed that the number one definition of "the American dream" is "achieving financial success" rather than "owning your own home"
- in response to the question of what we want most, answers provided by survey respondents included:
 - fewer hassles
 - more choices
 - more money
 - more time
 - no worries
- more Americans believe in the existence of unidentified flying objects than think that social security will still exist by the time that they retire
- legislators should never use the word "promise," since the population believes that all promises are broken
- "words that work" include:
 - imagine
 - bold action
 - comprehensive/long-term
 - accountability, not competition (which implies both winners and losers)
 - results/solutions
 - innovation, not experimentation
 - fighting for hardworking taxpayers/the middle class
 - efficient/efficiency
 - the right to ...
 - respect
 - renew/revitalize/rejuvenate/restore/rekindle/reinvent
 - getting it done
 - stability
 - peace of mind

- certified
 - mission/commitment
 - individualize/personalize/humanize
 - common sense
 - financial security
 - American challenges
- voters want to know that their politicians are committed
 - Americans want to take "politics" out of the lexicon, since "they do not want to hear it"
 - do not use "health care system;" use "health"
 - do not use "climate change" or "the environment;" use "clean water" and "clean air"
 - do not use "infrastructure;" use "roads" and "schools"
 - "conservation" means that "you" must compromise and sacrifice, while "efficiency" has a positive connotation since "energy" must sacrifice
 - with the label "Made in the USA," people are four times more likely to make a purchase than with the label "Made in America"
 - one of the best messages is: we want to create healthier communities for generations to come
 - "economic" words that work include:
 - accountability
 - stability
 - security
 - recovery
 - prosperity
 - growth
 - progress
- while Americans want political candidates to talk about "jobs," what they really want are "careers;" jobs are temporary, while careers are embraced by people
 - people want their politicians to focus on results rather than on process; it is not how much is spent, but rather how it is spent, that is important
 - Americans do not want relaxed environmental standards, since these standards are viewed as a safety net, but they do want relaxed government regulations, which are viewed as red tape and bureaucracy
 - politicians should not talk about "sustainability;" instead, they should talk about "cleaner," "safer" and "healthier"
 - a majority of residents in the U.S. South favour actions to reduce greenhouse gas emissions and believe that global warming is a serious threat
 - "explore for energy" is viewed more positively than "drill for oil"
 - the U.S. South has the highest level of support in the nation for constructing more nuclear power plants
 - it is generally agreed that energy policy must include a broad mix of options, from clean coal to natural gas to nuclear energy

- in polling, "renewable" beats "environmentally friendly"
- in polling, "energy security" has less support than "energy independence," which has less support than "energy self-sufficiency"
- according to polling, Americans are not convinced that health care reform will benefit them personally, although they see reform as being good for the country
- polling indicates that the two biggest health care complaints are bureaucracy and the profit-driven approach
- states in the U.S. South have the highest percentage of Americans who cannot afford the health care that they need
- polling reveals that "help when you need it" is what matters most
- "health care" words that work include:
 - people before profits
 - medical breakthroughs
 - what you need, when you need it
 - access
 - doctor-patient relationships
 - prevention/wellness, not maintenance
 - fix it, do not break it
 - hassle-free
 - cure, not treatment
 - comprehensive
 - accountability
 - fully-informed/right to know
 - flexibility
 - personal and individual
 - mission/commitment
 - health, not health care
- parental involvement in education is very important
- education everywhere should prepare children for life anywhere
- visuals are important, and they speak louder than words
- candour matters most, and politicians should be honest; they should say what they mean and mean what they say

DEVELOPING A SMART ELECTRICITY GRID

Arshad Mansoor, *Electric Power Research Institute*

- a smart grid can contribute to a low-energy future; it enables utilities to engage consumers by making them more energy-conscious
- energy is used in producing energy; for example, electricity is used to make, transmit and distribute electricity, and the electricity industry is the single largest user of electricity
- smart monitoring and smart pricing are needed
- the "building blocks" of a smarter grid include:
 - innovative regulation
 - smart devices and prices
 - interoperability standards
 - communication and automation

Paul Koonce, *Dominion Virginia Power*

- a smart grid is becoming a reality in the state of Virginia; some smart meters have been installed and a more comprehensive rollout is planned
- everyone benefits with a smart grid and smart meters; for example, consumers save money and the environment benefits as well
- smart meters lead to changed customer behaviour; people use energy more wisely when they are aware of their energy use

Brian Tierney, *AEP East Utilities*

- governments are expected to "deliver" during times of need and to do so in a fiscally responsible manner; the same is expected from utilities
- with both governments and utilities, people expect accountability and bold action
- new technology should be brought to bear in a customer-focused manner; information should be provided to consumers that enables them to make decisions about what they spend on energy, and when
- smart grid solutions include:
 - regulatory scrutiny
 - codes and standards
 - "healthy" utilities
- at present, customers are treated as though electricity is an "all you can eat" buffet

Bob Gilligan, *GE Energy*

- a smart grid can "drive" energy independence and economic competitiveness through smarter energy infrastructure
- a smart grid is a transformative opportunity for a variety of reasons
- the United States should become an exporter of smart grid technology

- investments that "drive" conservation, improve efficiency and enable competitiveness should be made
- utility industry challenges include:
 - carbon policy, which is leading to an influx of green energy sources
 - rising energy demand
 - rising energy costs
 - an aging infrastructure and workforce
 - reliability and quality
- the United States is headed toward a more complex future with a more complex energy mix; the change is analogous to moving from a five-piece band to a symphony
- the United States has a good opportunity to be an energy leader

BALANCING ENERGY DEMANDS WITH CLIMATE GOALS

Jay Apt, *Carnegie Mellon Electric Industry Center*

- renewable energy sources are one carbon-dioxide-control strategy
- about one-half of U.S. states have renewable portfolio standards
- "renewable" is not equivalent to "low carbon"
- renewable energy sources are relatively scarce in some states
- mandating particular technologies can be dangerous
- we are not running out of fuel; we are running out of atmosphere
- people often do not reside in the areas where wind, geothermal, solar and large-scale hydroelectric power are generated; consequently, transmission is important
- there are a variety of strategies that can be used to control carbon dioxide, including:
 - renewable portfolio standards
 - an emissions tax
 - a cap-and-trade system
 - carbon emissions portfolio standards

James Rogers, *Duke Energy*

- within the notion of universal access to affordable, clean, reliable electricity 24 hours per day each and every day of the year, there are sometimes competing objectives
- as energy solutions are being developed, it is important to recognize that the U.S. is fundamentally different across regions
- U.S. communities should be the most energy-efficient in the world
- the regulatory model should be changed; utilities should have an incentive to reduce a megawatt in the same way that they have an incentive to produce a megawatt
- consumers should be assisted in their efforts to use energy more efficiently
- technology will lead to significant gains in energy efficiency

- energy infrastructure should be built and rebuilt

John Somerhalder, *AGL Resources, Incorporated*

- coal, of which the U.S. has a more than one-hundred-year supply, is a relatively inexpensive source of power, and cleaner technologies – such as carbon capture and storage – are being developed
- natural gas is in plentiful supply and is a secure source of energy that has environmental benefits
- investments should be made in renewable energy sources

Mike Petters, *Northrop Grumman Shipbuilding*

- the national debate about energy infrastructure has been needed for quite some time
- while "glamorous" technology is the centre of the debate today, less glamorous technology should be considered as well
- manufacturing facilities are needed in order to develop and commercialize technologies, and commercialization must be a focus
- states have a key role to play in workforce development, which must occur in order to ensure that there is a sufficient supply of appropriately trained workers to achieve energy research, development and commercialization goals

David Ratcliffe, *Southern Company*

- utilities focus on ensuring that energy is reliable, clean and affordable
- while the U.S. currently has 99.99% reliability, maintaining reliability in the future will be a big challenge
- the U.S. South has diverse and affordable energy sources
- trying to select the "right" technology is the wrong approach; investments should occur in all types of technologies
- since emissions do not respect state or national boundaries, climate change is global, not national
- changes will not happen overnight, and they will not happen without a great deal of money being spent

TRANSPORTATION ISSUES

Roy Kienitz, *United States Department of Transportation*

- transportation is responsible for about 50% of the United States' carbon dioxide emissions
- the U.S. South has "low-hanging fruit" regarding rail freight; enhanced movement by rail would reduce carbon dioxide emissions, "wear and tear" on roads, etc. but investments may be needed
- the *American Recovery and Reinvestment Act of 2009* contains funds for transportation-related infrastructure

REGIONAL CONSIDERATIONS FOR THE FEDERAL HEALTH CARE REFORM DEBATE

Nancy-Ann DeParle, *White House Office of Health Reform*

- if the nation "gets health care reform 'right'," the U.S. South will benefit
- cost is a significant issue, and some Americans are spending more on health care than they are on food
- regarding health care, Americans have clearly indicated that they do not like the status quo
- some Americans are denied health care coverage because they have pre-existing conditions
- increasingly, employers cannot afford to provide insurance for their employees
- if action is not taken, one-third of the nation's gross domestic product will be allocated to health care, which is not sustainable; a uniquely American solution is needed to this uniquely American problem
- President Obama has always known that health care reform will be difficult, but it was one of his campaign promises and he is committed to reforming health care without increasing the nation's deficit
- with health care reform, every American will be able to purchase insurance, and tax measures will be used to help those with low income
- the White House wants to work with the states in order to ensure that they are not unduly burdened by health care reform
- as health care costs fall, individuals, businesses and state governments will benefit

Respectfully submitted,

Hon. Jerahmiel Grafstein, Q.C.,
Senator
Co-Chair
Canada-United States
Inter-Parliamentary Group

Gord Brown, M.P.
Co-Chair
Canada-United States
Inter-Parliamentary Group

APPENDIX A

MEMBER STATES OF THE SOUTHERN GOVERNORS' ASSOCIATION

Alabama

Arkansas

Florida

Georgia

Kentucky

Louisiana

Maryland

Mississippi

Missouri

North Carolina

Oklahoma

South Carolina

Tennessee

Texas

Virginia

West Virginia

Travel Costs

ASSOCIATION	Canada-United States Inter-Parliamentary Group
ACTIVITY	Southern Governors' Association 75th Annual Meeting
DESTINATION	Williamsburg, Virginia, United States of America
DATES	August 21 - 24, 2009
DELEGATION	
SENATE	Hon. Jerry Grafstein, Q.C., Senator, Co- Chair
HOUSE OF COMMONS	Hon. Anita Neville, P.C., M.P. Mr. Dean Del Mastro, M.P. Mr. Rick Dykstra, M.P., Vice-Chair
STAFF	Mr. Chad Mariage, Executive Secretary Ms. June Dewetering, Advisor
TRANSPORTATION	\$4,548.78
ACCOMMODATION	\$4,768.32
HOSPITALITY	\$Ø
PER DIEMS	\$1,224.71
OFFICIAL GIFTS	\$Ø
MISCELLANEOUS/REGISTRATION FEES	\$2,199.86
TOTAL	\$12,741.67