

# Energy and the Election

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**Greg Dalton:** Welcome to Climate One at the Commonwealth Club. I'm Greg Dalton. As the presidential election draws near, today we will discuss Republican and Democratic visions for powering America's future. Energy independence was the first priority Governor Romney mentioned in the first presidential debate. President Obama said that oil and natural gas production are higher than they have been in years. The two candidates generally agree on the direction, if not the pace, of developing nuclear power, domestic drilling, and other energy resources. Yet Republicans and Democrats have staked out very different positions on clean energy, the role of government in boosting new technologies, and the overwhelming evidence that burning fossil fuels is driving the weird weather. Over the next hour, we'll discuss energy and the election and include questions from our live audience at the Commonwealth Club in downtown San Francisco.

We're pleased to be joined by two distinguished experts from each side of the debate. Donnie Fowler is founder and CEO of Dogpatch Strategies, a political and energy consultancy. His father was chairman of the Democratic National Committee when President Clinton was in office. Bob Inglis is executive director of the Energy and Enterprise Initiative at George Mason University. He served 12 years in Congress as a Republican from South Carolina, and lost a primary election in 2010 in part because of his acceptance of scientific data on climate change. Bill Reilly was administrator of the U.S. EPA under President George H.W. Bush. Now he's a senior advisor at TPG Capital, a private equity firm that has raised funds today totaling more than \$50 billion. I should note that he also is a member of the Climate One Advisory Council and board chair of the ClimateWorks Foundation, the largest funder of Climate One. Tom Steyer is managing partner of Farallon Capital which manages \$20 billion for institutions and wealthy individuals. With former Secretary of State George Shultz, he was co-chair of a successful campaign to defend California's Global Warming Solutions Act, a pioneering climate law. Please welcome them to Climate One.

[Applause]

Bob Inglis, tell us how you went from a climate denier to a climate evangelist, and how you got kicked out of Congress in the process.

**Bob Inglis:** Yeah. Well, you know, actually people ask me if I believe in climate change now, and I say, "I don't believe in climate change. It's just data. It's not worthy of belief. My faith doesn't form my reaction to the data, but the data is just data. And the data shows that we've got a challenge."

But when I was first in Congress in what we call Inglis 1.0, I said that it was a figment of Al Gore's imagination. Donnie had made some real hay out of the -- getting after Vice President Gore at the time. And then I was out for six years, out of Congress for six years, and in that time, my kids started to grow up. And so my oldest child was voting for the first time when I ran again for Congress in 2004. And he told me, "I'll vote for you, dad, but you're going to clean up your act on the environment." And so I had a new constituency that could change the lock in the doors, and so I needed to respond to that constituency. Plus when I got back to Congress, I got into Science Committee and had a wonderful opportunity in Antarctica twice. And I really saw the evidence and decided that I needed to do something.

**Greg Dalton:** And then you were challenged by someone from the Tea Party in the primary in 2010, and that was partly because of your stands on climate change?

**Bob Inglis:** Right. I mean, I committed various other heresies by, you know, being for some kind of comprehensive immigration reform maybe, and voting for TARP and being against the troop surge out of conservative concerns. But my main enduring heresy was just saying that climate change is real, let's do something about it. Voted against cap and trade, I don't think is the right idea but favored rather a revenue-neutral carbon tax, reduce taxes on some form of income, shift the tax onto CO<sub>2</sub>, but that's just saying that it was real became a real problem for me.

**Greg Dalton:** Bill Reilly, you were involved in cap and trade 1.0 in the early 90's when it was used address acid rain. How did it get to the point where a Republican idea like cap and trade had become political poison, and people like Bob Inglis are pushed out of office?

**Bill Reilly:** You may imagine I've asked myself that question. We thought it was a good solid conservative market-oriented, essentially, Republican kind of initiative. And it was Democrat's, and actually, a lot of NGOs, environmentalist we had difficulty persuading that it would work. It has worked. It's been extraordinarily cost effective, in fact produced tonnage reductions at about one-tenth of what was predicted by the electric power industry, and even one-fifth of what EPA had predicted. How it happened was suggested to me by a conversation I had with a moderate Republican senator -- I can't be more specific, but you could -- you know, there are so few, who said to me, "If we do this cap and trade thing for climate, then people are going to have things like derivatives, right, and invest in that, and there's going to be a market, and you're going to have all of the associated activities related with market. Banks are going to get into it and the rest." And I said, "That's right." But he said, "That's terrible. That's means a lot of people are going to get really rich." And I said, "It didn't used to bother people in your party that people might get rich." And he said, "No, but we're thinking now." He says, "It's the New York banks, Goldman Sachs, and the rest." He said, "That's terrible." I remember for the first time I thought that is an angle I had not anticipated that, to some degree, the attitude toward cap and trade was associated with the antipathy of the banks which is very deep in the Congress, as in the country.

**Greg Dalton:** Tom Steyer, you were co-chair with Secretary Shultz, as I mentioned, of a campaign that effectively defended and preserved California's cap and trade program. Did other Republicans support that? Was it divided differently here in California?

**Tom Steyer:** If you remember in 2010, the sitting Republican Governor Schwarzenegger was on our side which was "No on 23." And Meg Whitman, who was running for governor as a Republican, was also on our side which was "No on 23." So we were, you know, deliberately, intentionally and successfully bipartisan in California. I think the difference was we felt that the way to appeal to people on an energy issue was to be as direct in their personal needs as possible. And we saw that as being appealing specifically on jobs, on the health of themselves and their family, and to point out that there were interests that were selfish that were opposed to those two things.

**Greg Dalton:** Did people recognize that cap and trade may internalize some of the cost of fossil fuels and the energy prices might go up, or did you not mention that?

**Tom Steyer:** I think that getting into the details of complicated policies in energy is probably not the best way to convince people about what's right. I think the way to do it is to stick to the effects on them and their family. If it can't be understood by a family sitting around the kitchen table, then I don't think you're going to have a lot of success in convincing people.

**Greg Dalton:** Donnie Fowler, you have some evidence. You've looked at the Tea Party in in Florida that actually, in some cases, actually support clean energy. Is that for real?

**Donnie Fowler:** Well, you know, you started by suggesting that the four of us come divided left and

right. The truth is we come from different places. The two of us are South Carolinians. I know we have at least one Irishman, and a Bostonian. What you have, in fact...

**Tom Steyer:** New Yorker, Donnie.

**Donnie Fowler:** Hm?

**Tom Steyer:** New Yorker.

**Donnie Fowler:** New Yorker? Okay. It's all (unclear), right, Bob? The truth is that we're all coming from different places, but like the rest of Americans, despite what you read in the New York Times, despite what you see out of Washington D.C., these Americans are pretty unified on their desire for clean energy economy. Now, you can draw some distinctions. Democrats are super, super strongly in favor of it, moderates are very strongly in favor, and Republicans are okay with it. But generally speaking, all Americans want a clean energy economy. So I don't think there is as much of a divide as we read about or that we sometimes feel when you look at the national media, in the political debate, especially.

**Greg Dalton:** In one area that may be true is in the state level where there's actually a fair number of Republican governors who support clean energy jobs more than you might believe by listening to the national political debate. I mean, Governor Brownback, I think you've had some experience with. So let's talk about the state level. It seems to be operating at a different tone or pitch than the national political discourse. Tell us as about Governor Brownback.

**Bill Reilly:** Well, I think he's an example of a very capable guy that's also very reasonable Republican who realizes that it's good for Kansas business, and that we have a risk, the science indicates a risk. Conservatives sort of recoil when you start talking about apocalyptic visions of New York City going under water, but if you just talk in terms of risk, that there is a risk that's apparent, then let's move to reduce that risk. That's sort of the terminology that more fits with conservatives. And, of course, I happen to believe that conservatives are indispensable to this conversation because it sort of seemed how far we can get on the left, and it's not the 50 percent plus one. So we got to figure out some way to get conservatives into this. The thing I point about was something Donnie just said. I think Donnie is right about those numbers. The only problem is that the people who vote in primaries though, that's a very special audience. The thing that all politicians want to avoid is a primary because it's like a divorce. It's the equivalent of a divorce. People who used to love you and tell you they were praying for you as they hug you around the neck are now wearing the other guy's sticker when you go to the county party meeting. And it hurts. So that's what every politician wants to avoid. And so they protect their right flank if you're a conservative. You protect the left flank if you're a liberal at all cost because you don't let any daylight occur on either side. And so that's what makes this such a polarizing matter, maybe not the population, the general public, but politicians are responding to a very special public, those folks who come out and vote in primaries.

**Donnie Fowler:** Yeah. There's two pressure points that he's speaking about, one is in the primaries where climate change and clean energy have become a litmus test for Republicans, almost like being anti-abortion and pro-gun control. It's become really part of the checklist you have to go through. And so you have a very adamant group of right-wing voters who can control who the Republicans nominate. In Washington, the other pressure point is with the lobbyists and the big old fashion energy companies who spend tens of millions of dollars every year, and are constantly in the face of Congress and the White House and the administration saying, "You can't do this or you're going to pay the price. You can't do this or we're going to run ugly ads against you. You can't do this or we're going to attack you." And those two pressure points really scare the policy makers and

separate them dramatically from where the American people are.

**Greg Dalton:** Bill Reilly.

**Bill Reilly:** If you are characterizing the issue as averting climate change, dealing with global warming, I would agree with that, but I've had a fair amount of experience in Texas in the last several years. Texans love energy independence. They have more wind power than any state in the country, by far, because they started to get it under George W. Bush as governor. They really like the idea of alternative fuels. They do and a lot of their companies. In fact, maybe the fossil fuel companies are searching a lot of that. If you were talking about energy efficiency, that's all fine. They're for that, too. So there is a language, I think, that is important to this and a unifying way of approaching the issue. It's really important. It's not that they're against clean energy. They're against an ideological kind of concept they've got of the kind of people who are talking about global warming and going to take away their cars and fossil fuels.

**Tom Steyer:** But I think there's something else going on, too, which is the way that energy gets priced doesn't include a lot of pollution cost. And for a long time, it didn't include old-fashioned pollution cost in terms of smokestack belching, you know, noxious gasses, but it also doesn't include any cost for carbon. And so if you talk to people who are, you know, bent on fossil fuels, what they really want to do is look at a commodity price that doesn't include a lot of the cost. And they're going to fight really hard to keep that price. I mean, like I said, we want the cheapest gasoline in the world, and we don't care what it cost to keep it cheap. And that's really true, people don't -- you know, that is the biggest fight, is to include all of the costs and get rid of -- because people are going to talk about subsidies without taking into account the fact that basically they're going to take all their garbage and put it in your yard and say, "Gosh, it's really cheap."

**Donnie Fowler:** The greatest story I've heard makes Tom's point is, you know, if you're an American and you're driving on the street, and you just had a burger and fries, you roll down your window, throw the bag out into the street, cops can pull you over and fine you. If you're a dirty energy company driving through the American economy, and you spew out smoke and soot and carbon, there's no policeman that's going to pull you over and fine you for that. You don't have to pay for that litter even though, as an American citizen, driving down the street, you have to pay. That's really the problem here. To your point about language and conversation, to your point about conservatives, that's really how we have to talk to the American people whether it's climate change or clean energy.

**Greg Dalton:** Bill Reilly, would you agree that internalizing fully accounting for the cost of fossil fuels is a good idea?

**Bill Reilly:** Yes, absolutely. And I would also agree that finding a way to price carbon is where we're going to finally have to go. Let's face it, the correctness of the analysis of cap and trade was it does that. That is exactly what it does. It was called a cap and tax, where you're finding a way to internalize the cost when you have something like that. It gets the most efficient way to do it, but that's what's involved.

**Greg Dalton:** So even though you're on the board of ConocoPhillips, one of the largest oil companies in the world, would they agree that the cost of -- ought to be internalized?

**Bill Reilly:** ConocoPhillips was a member of U.S. cap. It was the only American oil company that supported carbon regulation.

**Greg Dalton:** So they're fine with -- they think that there will be a price on carbon at some point?

**Bill Reilly:** Everybody does. That's the extraordinary thing, except, I guess, in Congress. You know, I don't think there is a CEO I know, and I also served until last April as chairman of the Environment Policy Committee of DuPont Board, everybody expects that that is in our future, and most prudent companies are planning for that kind of consequence. And I know that it's in the pricing at ConocoPhillips when they're looking at different investments that they make, that something like a \$25 carbon price for a ton of carbon price is likely inevitable.

**Greg Dalton:** Bob Inglis?

**Bob Inglis:** Yeah. I think one thing to make it much more attractive to conservatives, we're talking about a revenue-neutral price on carbon. In other words, if we're going to reduce taxes somewhere else, then you can price carbon. If it's going to be just an additional take to the government and we're going to -- that's why it got branded cap and tax is because there was no corresponding cut elsewhere. So conservatives are very keen on the idea we're not going with the government here. But if you want to do what Tom was talking about which is just bedrock conservatism, he's a card-carrying Republican, you know. I'd like to sign you up. Will you sign up? He's not, I don't think. Anyway, but we'd like to -- I think this is really a deliverable that conservatives must make in this process. We are the people who generally are saying to the progressives "there's no such thing as a free lunch," quoting the title of Milton Friedman's 1975 book by that name. And so because, you know, quite often in Congress, it used to be when -- I remember when the other side that controlled the House was quite often standing up to say, "The question is not whether we can afford to do this. The question is whether we can afford not to do this." And, of course, all conservatives go, "Oh, my gosh. Can you believe the person just said that?"

But here -- we are now in a position -- we need to be the ones to deliver this news that we're already paying the full cost of coal-fired electricity. It's just you don't pay at the meter. We pay all right.

Unless you believe in the tooth fairy, Santa Claus and there is such a thing as your free lunch, it's just not the case. You're paying right now the full cost of coal-fired electricity. Let's pay at the meter. And then you can have transparency, then you can have free enterprise, deliver the solutions, especially if we do it in a way that doesn't grow with the government. So we either return the money in the form of dividend to population or reduce taxes elsewhere, then I think conservatives would say, "Yup, that's a tune we know."

**Bill Reilly:** But, Bob, there's a hurdle that you got to get over. A lot of people, most of the people, I think, in the country in some key areas don't believe that carbon is a pollutant. They don't believe that they are causing any of the climate problems that we've seen in the last few years. How we overcome that, I think -- and I've seen polls that suggest that two-thirds of the farmers who confront the weather everyday don't really believe that there is a human contribution to climate change. And the same is said to be true of meteorologist again. I mean, go figure. But the scientific calculation that mainstream science has made, at least now for 20 years, and is now being confirmed in more than computer models, is just not accepted.

**Greg Dalton:** Tom Steyer.

**Tom Steyer:** I'd like to make a slightly different point about the way we're talking about this, and that has to do with timing because, you know, I've been listening to people talk on this topic and in terms of the progress we're making, whether it's technological progress or policy progress. And in general, you can look over the last, you know, 10 years and see that we've been making incremental progress on both scores. And, you know, definitely, the Obama administration has done the miles per gallon stuff and they've done the mercury rule and they've doubled the amount of electricity generated from renewable. So you can see real tangible progress from a technological standpoint. And we've made policy changes in different states, including defending AB32 in California. But the

question that I've been asking recently, to put in context both the technological changes and the policy changes, is how long do we have before the climate issues move into a place where they become interactive, nonlinear and kind of beyond our pulling back. And that's generally described, you know, in all the literature and some -- whether you like it or not, it's pretty -- consensus is two degrees Celsius.

And so when you look and see the trajectory that we're on to get to two degrees Celsius, assuming that -- you know, and there's a lot of assumptions in terms of what policies change, how much development goes on in the rest of the world and how much technology is affected, it really brings in the question a lot of the conversations that we're having in terms of timeframe as to whether we will be able to move fast enough to affect change enough so we don't get there because on the trajectory we're on, it looks to me to be, you know, relatively soon. And so as we sit here and talk, the question is are we swimming effectively, incrementally forward into a stream that is pushing us back very fast towards the waterfall. And that's the question that I haven't heard people address and yet it seems to me that that question determines a lot of the strategy of what's going to be effective, a lot of the strategy of what's necessary in thinking about what we need to do politically and technically.

**Greg Dalton:** We've had a number of scientists here who make that very point about tipping points, people look at the melting arctic just this fall, some new lows, some very dangerous warning signs, but the science got politicized at some point. And a lot of people challenge the science. The science is very complicated even for people who are evidence-based. So I think what Tom is saying is let's bring the science in. Are we going fast enough? Bill Reilly?

**Bill Reilly:** We're not going fast enough. I think a lot of disruption, a lot of instability, a lot of droughts and unaccustomed events are in our future, unaccustomed weather events. I don't think there's anything now that one can do to avert that. We've already seen it. The thing that we can do is inject more urgency in our policies, move faster on clean energy support, if we're not going to get action in the federal level, support renewable requirements, electricity requirements at state level. There's an initiative in Michigan right now to take it up to 25 percent by 2025. It's a big number. And it looks like it stands a reasonable chance going forward. The fact that we've got 25 or so states that already have these requirements I think is pretty positive. The automobile fuel efficiency standards are going to reduce by something like 2.5 million barrels a day in our imports once they're fully implemented. There are a lot of good things that are occurring and because of the natural gas boom, we're displacing coal which is the most high carbon fuel.

So, you know, I think directionally, we've made progress in the last five years. We haven't increased our greenhouse gasses in that period. And we've reduced them, I think, about 550 million tons. It's not enough though, unfortunately, to avert that and even to get to two degrees, I'm afraid.

**Greg Dalton:** Bill Reilly is a former director of -- administrator of the U.S. EPA. Other guests today at Climate One are Tom Steyer, managing partner of Farallon Capital, Bob Inglis, former member of Congress, Republican from South Carolina, and Donnie Fowler with Dogpatch Strategies. Bob Inglis, is the coal industry in its death throws?

**Bob Inglis:** Perhaps because -- perhaps here, and maybe it has a little bit longer to live in places like China, but because of what Bill just mentioned, the human ingenuity of coming up with greater supply of natural gas means that a very powerful market force has taken over here and has driven down the price of natural gas electricity relative to coal-fired electricity. And so we're seeing substitutions. South Carolina, SCANA, the largest public utility, has just announced closing of six coal-fired plants, replacing them with natural gas. It's not the end all because they hope to move on to nuclear after that. That has zero emissions as long as it's working right. And they do work right all the time. (cross talk) days that they don't work right. I'm a big supporter of nuclear power. So

it's happening by market forces. And the thing that I'd point out that really helps conservatives, I think, in this discussion, is if we can say to conservatives, "Here's what we're doing. We want to make the market really work here. And the way to make the market work is to internalize negative externalities attached to cost. But also why don't we do this? Why don't we eliminate all subsidies for all fuels? Why don't we attach all cost of all fuels?" That's the internalizing negative externalities. "And then let's make it revenue-neutral, and then watch what happens." And the answer is that government won't grow, we don't have clumsy government mandates or fickle tax incentives. We just have a free enterprise system that's working because people are accountable for their emissions. And that word "accountability," that's a big word among us conservatives. We believe in accountability. And so we just need to be reminded of the strength of our ideas. Really, we've got the answer. The answer is free enterprise, and the answer is well-functioning markets and accountable markets, not this lack of accountability that Donnie was just describing where you can drive through town without ever being accountable for your emissions. That's what we've got. We got to have a cop on the beat.

**Greg Dalton:** Let's talk about the recent presidential debate. One of the first things Governor Romney mentioned was energy independence. He criticizes the Recovery Act where there's \$90 billion for clean energy. I'd like to ask Bill Reilly, was the \$90 billion for clean energy, was that a good investment on the part of the U.S. government?

**Bill Reilly:** I personally think it was, and particularly if you posit \$2 or \$3 natural gas price for a thousand cubic feet, it's very hard to attract private investment into wind power at this time, for example. It just isn't going to happen if you removed all of the subsidies. I actually have a lot of sympathy for the idea of removing all the subsidies, but I think if you were going to do that, analysis I've seen shows that if you did it gradually, you would still see renewables come on. They would come on at a slower pace, but they would make it. And I think that's probably a policy worth pursuing.

**Greg Dalton:** So the President, during the debate, talked about ending \$4 billion in subsidy to big oil, that's something you would support?

**Bill Reilly:** Sure.

**Greg Dalton:** Tom Steyer, what do you think about driving more capital into clean energy? Are the right signals happening there?

**Tom Steyer:** Well, clearly, they're not because I think that the environment for investment and what I think of as advanced energy is as negative as I've seen it over the last five years, but I think that the difference that I see really does have to do with this issue of urgency and timing. And I think that when you think about bringing the market to bear of trying to unleash free enterprise and you talk about pricing the externalities which, you know, clearly everybody's eyes are going to glaze over when you use that phrase. But when you start talking about basically taxing pollution, the question is the amount because at \$25 a ton, the question is what does that really impact? People talked about cap and trade, and if they hated it cap and tax, but what it did was it was much more of a performance standard. We're going to allow this much carbon and then everybody figures out what they're willing to produce with that as a limit.

**Greg Dalton:** So wasn't technology forcing -- wasn't government picking winners?

**Tom Steyer:** It was just saying we can afford to produce this much carbon and so you basically get to buy that carbon, that pollution usage. So actually what I see is, if we're going to price carbon, the question is, are we going to price it at a level where it will affect the behavior enough so that we

actually really change what we're doing because my strong belief is that we need to change much faster and in a much more, you know, urgent way than anybody is thinking about right now.

**Greg Dalton:** How do you do that without triggering national or global recession?

**Tom Steyer:** Well, obviously, everybody knows that big rises in oil prices and gasoline prices have been associated with, you know, the vast majority of recessions since World War II. And that's really why people worry so much about energy because it's -- you know, when energy prices spike, then the economy tanks and politicians lose their jobs. So that's what they're worried about. What I've been saying all along is if we invest in the new technologies, that will be tons of jobs, it will be actually really strong for our economy --

**Greg Dalton:** We, taxpayers?

**Tom Steyer:** If the American government pushes us in that way and makes it one of the goals of strategy of what we're trying to do as a country, it will, in fact, be a huge jobs program and we will, in addition, change the way that we generate energy in the United States and we will avoid huge problems and also, you know, create new industry. So I'm actually -- I strongly believe that that's the way to go. But the difference is I don't think we have a choice anyway. I think it will be great, but I think the alternative is terrible.

**Greg Dalton:** And the question is whether other countries are doing this faster, whether China is doing that and they're running away with some sectors, electric car batteries, solar technology, PV solar. China has kind of cornered the market basically on that. Do you see China as really driving forward and (cross talk) in the U.S.?

**Tom Steyer:** I know that everybody is very concerned about competing with China in some of these technologies. I see it somewhat differently, which is I see China and the United States as being the two biggest producers of carbon in the world. And actually, from my point of view, if they want to spend a ton of money and drive down the cost of solar panels, I think that's great for us because we can install them much cheaper because I don't think they're going to make money doing what they're doing. So from my point of view, what the Chinese have been doing is -- you know, they have ten Solyndras that they haven't recognized yet, and as a result, we have much cheaper solar panels. So selfishly, I think that's really good for us.

**Greg Dalton:** In a way, they've created a public good. Tom Steyer is managing partner of Farallon Capital. We're talking about clean energy at Climate One. I'm Greg Dalton. Let's talk about fracking of natural gas. We haven't talked about that very much, but that's really, in some ways, upending both the renewable energy markets, affecting coal, but environmentalists have some concerns about that. Who'd like to tackle fracking, whether that's really one of the positive stories here of affordable, cleaner energy? Donnie Fowler.

**Donnie Fowler:** From a political point of view and a public opinion point of view, there's two things to consider in this debate. One is fracking itself is a local issue. Most people don't have the threat of having a natural gas well that could leak in their backyard. So that issue, from a political point of view, is local. Natural gas generally is as popular with the American people as solar and wind. Coal and oil, nuclear are not as popular. But natural gas and solar are the two most popular forms of energy with American people.

**Greg Dalton:** That's pretty amazing, that gas is up there that high. I guess people like that cool little blue flame --



**Donnie Fowler:** Well, it seems cleaner, right? It doesn't blow a lot of smoke out.

**Greg Dalton:** Well, it warms up your oatmeal in the morning. Yeah, it's good stuff.

**Donnie Fowler:** Yeah, right. So there's a couple of considerations when you're talking about policy. When you say, "Well, fracking is a local issue." So most Americans go, "Well, and they're fracking somebody else. They're fracking somebody else's backyard."

**Greg Dalton:** It doesn't affect me.

**Donnie Fowler:** It doesn't affect me.

**Greg Dalton:** There's no water.

**Donnie Fowler:** And that little blue light seems pretty clean. It's cheap. It doesn't put up windmills in my backyard or solar panels in my roof. I'm okay with it. So when you're thinking policy, natural gas is a real advantage in the policy sector and with the American people. I'll leave these guys up to the question of whether the science and the business models work with it.

**Bill Reilly:** You know, there's nothing particularly novel about the consequences of natural gas drilling or fracking. It's got one large problem that's just inevitable. It involves the industrialization of areas that have not been developed. And people who like second homes are not going to want to see fracking, unless it's maybe on their property, and it allows them to buy a bigger second home.

But that's a reality. And I think you either accept it or you don't. The places are at least some places where there's a lot of geology of hydrocarbons. North Dakota, Oklahoma, Texas it's very welcome. It turns out it's pretty welcome in part of Ohio and Pennsylvania. It's not welcome -- I notice if you look at New York, in Eastern New York but very popular in Western New York. I think, at some point, the country could well decide that it's a local option situation. There are issues that are associated with the methane releases. And we don't know exactly how serious a problem that is both in the drilling itself and in the transmission. There's a very interesting body of work underway.

Eleven companies are cooperating with the Environmental Defense Fund to try to get a handle on that and figure out just how real is it. And if it is, how do we control for it? Companies once they are told they've got to control for it, they will, and among other things, it's economic product, but I think those are the two issues. As far as some of the other environmental issues, if you know what you're doing in the oil and gas industry, you don't get the kind of problems, and especially if you're re-injecting the water and you're not having a large residual and that sort thing. You don't get the kind of problems that have been identified, where you've had a fair amount of people go in the business, seen an opportunity, the golden pot at the end of the rainbow, and they have misbehaved and not really because they were not competent. I don't think that's a serious and endemic problem for getting the natural gas boom and continuing it. But let's face it, from the point of view of meeting our climate objectives, in the near term, is heaven sent. It is displacing coal and we now are reducing greenhouse gases in the way I described earlier.

**Greg Dalton:** Tom Steyer?

**Tom Steyer:** Well, I agree with virtually everything Bill just said. I just want to add a couple of points. I mean, he's absolutely right. There are the localized environmental issues which have to do with water and chemicals that seemed to be -- I mean, the study seemed to argue that they're controllable if they're regulated well. There are the larger carbon issues because methane is 26 times worse as a greenhouse gas than carbon about, when it escapes, that if you -- in doing this, a bunch escapes, that's very bad. But in general, I totally agree with Bill, that in the short term or even the intermediate term, having natural gas replace coal is a good thing from an environmental

standpoint, if you're worried about carbon and greenhouse gases. The other thing that's really true from an economic standpoint is natural gas is not that transportable, so that what we see in the United States, that because of this new technique of getting natural gas out of the ground, it costs about \$3 a thousand cubic feet. In Japan, the same amount, a thousand cubic feet cost 15 bucks. In Europe, it's like 12 bucks. So because -- this is not now a global commodity, whereas oil is transportable so there are some energy costs, but basically, what we pay, Europe pays, plus taxes, everybody pays the same thing, this is a local thing. So what that means for the United States is, if you're in the business that requires a lot of electricity, then we have a huge advantage. And so it's not just that we're going to have cheap electricity. It means that they're going to be -- these manufacturing businesses, chemical businesses, that we can compete in internationally that we couldn't compete in before because basically we're paying a fraction of the energy cost. So all of that is a huge boom for the United States. The issue is how -- eventually, it's going to more transportable because people will build, you know, sometime over the next five to ten years, natural gas. They'll build pipelines and they'll build ships that can take it around the world.

**Greg Dalton:** Won't that lead to a higher price in the United States once they equalize the price between --

**Tom Steyer:** It will -- I do think the price will go up but, you know, prices are prices; they fluctuate. What will happen also is that this technique that has -- the U.S. is the energy technology leader in everything, including this.

**Greg Dalton:** By the way, the government developed fracking, right?

**Tom Steyer:** Yeah. So this is something that we have a big advantage of. But the question you have to ask is -- and Bill is right. Natural gas is replacing coal. It's really driving out all of these old coal plants that are really bad for us. The question is it's also going to force out renewables because, in the medium term and the long term, in my opinion, we have to get to a much higher percentage of renewables. I mean, Bill is saying 25 by 25 in Michigan; that's a valid initiative in Michigan and it's hard fought one. We need to be much higher than 25%. I think if we really ask ourselves where we need to be and we look at the timeframe, we're going to discover that we're going to have to be a lot more radical and a lot more urgent, and it's actually going to be good for us economically, but it's going to be something that we're going to have to focus on in a way that I don't think people are prepared to focus right now.

**Greg Dalton:** Tom Steyer is managing partner of Farallon Capital. We're talking about energy and the election at Climate One. Let's talk about gasoline prices. Close to record highs in California, are they going to be an issue in the election? And how much does the president actually influence gasoline prices? Bill Reilly?

**Bill Reilly:** Oh, come on. [Laughter] Poor president, can't handle the gas price responsibility. Gasoline in California is so generous; you may know it's because of the refinery situation and the isolation from much of the rest of the gas market. Gasoline price is dependent on a whole variety of things that have to do with weather, with all sorts of things. I don't think you can expect that the political process can control it, but what we see is every time there is a spike in gas prices, people call for investigations. The investigations go on. By the time the investigations are concluded, the gas price has dropped down again to some reasonable level. But I think there's no question that we are going to see gasoline rise periodically to a new plateau of cost. I think that's in our future and we already, if you look at most other countries, enjoy a significant discount to what they are charged.

**Greg Dalton:** Bob Inglis, how do you think energy and gas prices are going to play in the election?

**Bob Inglis:** It's a powerful driver. People are --

**Greg Dalton:** Pain at the pump. People get that.

**Bob Inglis:** Yeah. It's -- and the pain in this great recession. When you have just a little bit of free board on your boat, you know, your family boat, and then you get this wave of a gas price increase, you know, you sink a lot of boats. That's the -- I mean, I think when the economic history this time is written, that's what's going to show, what happened to the housing bubble. Gas prices may have been the pin that pricked that thing and caused us to find out, "Gee, we're in trouble here." But here's a thing that I hope that conservatives really hear about this is they begin to hear that the tune on the radio is not actually conservatism. It's populous rejectionism; it's not conservatism. So if you hear anybody on the radio saying "For God's sakes, you can't let the price of gasoline go up," conservatives everywhere hope -- hear that and was beginning to say, "Says who?" You want the price of gasoline to rise according to market forces if you're really a conservative. If you're a populist and you want to keep the prices low, well then, that's what they do in Iran, in Iraq. I mean, we want to emulate them. We want to say, "No, let the price be what the price is." And then we all learn from it and then enlighten self-interest, in the liberty of enlightening self-interest which is big for us as conservatives. We seek out alternatives. The government did not tell us to do it. Nobody ordered us to do it. Nobody regulated us. Nobody fickle tax incentive to do it. They just say, "Here's a price, now what?" Well, then I'll go buy some different technology and would drive that much more quickly than government ever could if you get just an effective price signal. But in the meantime, it's very painful and that's -- it does cause politicians to lose their jobs. That happens.

[Laughter]

**Greg Dalton:** From one who knows. Bob Inglis, former Republican member of Congress from South Carolina. I'm Greg Dalton. Other guests today at Climate One are Bill Reilly, Donnie Fowler --

**Bill Reilly:** There is a way to restore the circle to some degree. As we produce more and more natural gas, I think that we should find a way to move it into the transportation supply field. And proposals to do that in a way that is not too disruptive of infrastructure, doesn't even require a huge capital investment, might be simply to set out the natural gas refueling stations on the interstates and to begin to -- and possibly use, you know, even consider it a subsidy initiative to get the large pump stations to begin to convert themselves to use natural gas. Something of that sort, I think, would be a very productive use for gas. For natural gas, it would displace a certain amount of gasoline use and possibly moderate the price.

**Greg Dalton:** I've heard of a guy who has a plan like that. What's his name? T something.

**Bill Reilly:** He came to see me when I was EPA administrator, 1990. He's consistent.

[Laughter]

**Greg Dalton:** But he put a lot of money and effort and glam behind that. Did it really go anywhere? He's been out there talking about putting gas in the truck.

**Bill Reilly:** Right. \$5, \$6 gasoline might make a difference.

**Greg Dalton:** So prices are going to drive -- Tom Steyer.

**Tom Steyer:** But I think the other thing people don't talk about in terms of gasoline is, you know, we have spent how many decades fighting in the Middle East and we always say it's really -- we're not really there because of gasoline prices. But, you know, we, for some reason, are always in the

Middle East and we're spending hundreds of billions of dollars a year. And that doesn't go into the gasoline price. I mean, that goes into our taxes which somehow are unrelated to gasoline prices. So that's why I always say we have the lowest gasoline prices in the world and we don't care what we pay for them, I mean, because we're paying for them everywhere else, we just don't want to include - you know, we don't want to recognize it when we go to the pump.

**Greg Dalton:** Let's get the audience in on the conversation here. We're going to put a microphone up here and invite your participation. And again, if you're on this side, please go out that door and go to our producer, Jane Ann, where the line will start. And I encourage you to come up with one one-part comment or question. If you need some help keeping it brief, I'm here for you. And we'll get through as many as we can in the 20 minutes that we have left.

We're talking about clean energy at Climate One. Our guests are Tom Steyer from Farallon Capital; Bill Reilly from TPG Capital; Bob Inglis, former member of Congress, Republican from South Carolina; and Donnie Fowler with Dogpatch Strategies. I'm Greg Dalton. Let's have our audience question. Yes, sir. Welcome.

**Audience:** Hi. Gary. Thanks for a very insightful presentation. Of the two presidential candidates, who do you think is better prepared to deal with the issues that you discussed this evening, and why?

**Greg Dalton:** Bob Inglis?

**Bob Inglis:** Mitt Romney, because as a champion of free enterprise, I think he may have the "Nixon goes to China" opportunity once he gets elected to basically address energy and climate in a way that conservatives could actually accept because I'm not sure just as perhaps no one but Bill Clinton could have signed welfare reform. Perhaps only Mitt Romney can price carbon. And so if that's the way it turns out, I think it could be a -- notwithstanding the current rejection within my party of action on energy and climate, I think that with market pressure for a grand bargain, then we might have a shot at changing what we tax, putting the tax on something we want less of which is emissions and taking it off something we want more of which is income.

**Greg Dalton:** The New York Times did quite an extensive story on Governor Romney and how he understood climate change issues, put a price on. It started a cap and trade system regionally when he was governor. But even if he were to come around on this issue, could he get Congress on board, particularly the House? Would they just, all of a sudden, support it because it's not an Obama thing, it's a Romney thing?

**Bob Inglis:** It's hard but -- and what I'm counting on is, and this is where I'm getting to needing help from people like Tom Steyer here, about the presence of market pressure. If there's market pressure -- with New York calling Washington and saying, "Really, we got a problem." It's not a political rhetoric problem; it's that we have markets that are telling us, "You must do something about the structural deficit." If that happens, those are the conditions that make it possible for this grand bargain where a new President Romney could say, "Really, we've got to do something," and could then perhaps bring the House and Senate along.

**Greg Dalton:** Let's have our next audience question. Yes, sir. Welcome.

**Peter Joseph:** Thank you for this excellent panel. My name is Dr. Peter Joseph. I work --

**Greg Dalton:** Sorry?

**Audience:** Can we hear from anybody else?

**Greg Dalton:** Sure. Yeah. All right. Who's -- who on the other candidates? Your question is -- of the others --

**Donnie Fowler:** It may be true that Mitt Romney can do the China thing. It might be true that Bill Clinton did the welfare reform, but Bill Clinton had all the Republicans voting for him. Maybe Mitt Romney would have the Democrats and he could pull a few Republicans with him. That's very true. But it's only if you put somebody like Bill Reilly or Bob Inglis in charge. And I'm just not convinced in any way that the way the current Republican party is situated and the pressures in Washington from the \$150 million we're spending this year on TV ads and another \$150 million on lobbyists, I don't think -- I think the pressure is too great in Washington D.C., for the Republican party to move off dime right now. The other way to look at it, on President Obama's side, is if President Obama has a track record already without Congress' help of doing tremendous public investments in the clean energy sector, so much so, Tom, I think you know this number, there are as many people working in the solar energy in the United States today as there are working in the coal industry today. That's an important economic drive.

**Greg Dalton:** And more in wind.

**Donnie Fowler:** And more so in wind. So President Obama, we know what he's done and we know what he will try to do again. We have an idea of what Mitt Romney used to be and what -- he used to be for climate change and now he's against it. And you're saying, "Maybe he'll come back and be for it again." I don't know.

**Tom Steyer:** Donnie, let me say this, I mean, everybody is aware that, you know, when he was Massachusetts governor, he was pretty sensitive on this issue. I think you've got to believe what he's saying and what he's saying is we need to dig more coal. We've got to be more reliant on fossil fuels. I don't know what these climate scientists are about. I'm not a scientist. So I get the point that, in the past, he said some things, but I think you have to take him at his word that he is going -- that what he's saying now is what he means. And I think when President Obama is talking about, he's talking about it in a lot more reasonable scientific data-based stuff. And I know the politics on this is powerful and pushes people, certainly, but I don't see how you can -- if you look at those two platforms, they are dramatically different. And if you are worried about carbon in any way, shape or form, it's not close. And I'm not just saying that because I'm a Democratic, although I am.

**Donnie Fowler:** And partly we're addressing partly only half the issue here. Yes, Bob, you're absolutely right. If Wall Street and the public markets say to the politicians and put pressure on them, you must change, that will help. But the American people at some point have to take clean energy or climate from issue number 12 on their list and move it up to issue number two or three. If you got a combination of the markets and the American people who are pushing it, and I don't mean just the left. The environmental movement is an absolute essential ally on this, but they've been at this for 30 or 40 years and we don't -- we haven't had this massive kind of change yet that we need. It's got to be more than just the left. It's got to be the markets and it's got to be the people, the American people who raises on their agenda.

**Greg Dalton:** Bill Reilly.

**Bill Reilly:** One of the very best policy interventions we've seen in the last few years has been the automobile fuel efficiency standards to take us up to 35.5 or 35.4 miles per gallon. That is a really important breakthrough. And Governor Romney has said that -- he questions that and would reverse it. And I wrote a piece in the Washington Post criticizing that. And I can't say I understand it because the automobile industry is -- it was on board with that agreement. It is true that the one time he was in public life, his appointments were excellent. He had a conservation law foundation

running as an environmental agency. Doug Foy, he had good people in other areas and he did found – co-found RGGI with Governor Pataki, so that record is pretty good. He's not exactly disavowed climate change. He has joined the world of people who are uncertain about its causes. I think probably Tom is right, that on a lot of these things, one has to assume that he means what he says, although I thought I saw a convergence of the two candidates in the debate the other day and one has to take some consolation from that. Finally, it seems to me that a lot of the good things that are currently underway are not easily reversible. That's true of the fuel efficiency standards. That's true of the mercury regulation which will be fully in place by the time a new president is sworn in. That's true of money of the decisions. The Supreme Court upheld that carbon dioxide is a pollutant, regulated under the Clean Air Act a new EPA administrator is going to have to regulate. That's the law or they're going to have to pass a law that says it's not. Good luck with that. So I think that there is likely to be more stability and convergence in actual approach to these issues, and I would be surprised, in fact, if any effort is made to unravel a lot of that.

**Greg Dalton:** Yes, sir. Thank you for waiting. Welcome.

**Peter Joseph:** Thank you for this very excellent conference. My name is Peter Joseph. I'm an emergency physician, but my obsession is climate change. I work with the Citizen's Climate Lobby and The Climate Reality Project. The folks at Yale who have been studying Americans' attitudes towards climate change and solutions say that there is very widespread and deep support across the political spectrum for putting a price on carbon as long as it's revenue neutral. And so my question is, how do you explain the complete absence of debate within this presidential primary season of exactly that? How do you explain how both candidates have really shied away from the whole concept of confronting this obvious crisis, which we've been in now for several years, very obviously in the Midwest and all over the country? By using the power of money and the economy to get the job done, it seems like that's the biggest engine on the planet and it's the only thing that can work. No offense to command and control, EPA-style stuff, but it seems like money is the common denominator with all of this. How do you explain its absence from this presidential season?

**Greg Dalton:** Thank you for that question. No one's talking about it. Tom Steyer, why?

**Tom Steyer:** I know those polls and we were discussing them earlier. Basically 74% of Americans feels as if we should be taking action on this. I think that the question in this campaign season is a question of what Donny was pointing out. Where does it fall in importance? Does talking about it threaten the number one and two issues which are basically jobs and jobs?

**Bill Reilly:** I completely agree with that. If you talk to Congressman Bob, they will tell you they do not get asked about climate change and their position on it. They're not hearing about it from their constituents.

**Donnie Fowler:** And energy itself is very low down the list. We're hearing about it from the Republicans because they're using it more as a weapon to challenge President Obama's leadership. He won't do anything. He won't take the lead --

**Tom Steyer:** -- as jobs.

**Donnie Fowler:** Yeah. Unless he did something that they can argue like stopping the Keystone Pipeline that kills jobs. So they accuse him of not leading, except when he does something bad when he is leading the wrong way.

**Tom Steyer:** And can we talk for one second about Keystone? The reason I wanted to bring it up is this. You know, people are talking about that as if we don't have the Keystone Pipeline which is

basically going to go from the Canadian oil sands which is an area as big as Florida. So we basically - they want to develop an area that's as big as Florida. And in terms of carbon, just that development would produce more carbon than -- that much carbon would push us over the two degrees Celsius, if we did nothing else. So this is a huge carbon issuance that we're talking about.

So the Keystone Pipeline, which would go from the Canadian oil sands down to the Gulf of Mexico so that then -- the oil could be sent around the world. That pipeline -- the way it's been described to me would provide 2,500 temporary jobs while it was being built, 2,500 jobs. And in return for that, we're going to have more carbon that would push us over the area where all the things go, are expected by scientists to go out of control. And yet, when people have talked about it, they've talked about it as if those 2,500 jobs -- we are a 300 million person country -- are more important than the decision about what the costs are going to be once we start to get into a climate situation, what's the cost of a huge drought, what's the cause of no snow in the Sierra? Is that 2,500 jobs? I'm shocked, really, in terms of the way that that decision is being framed in terms of risk and reward. To me, the costs of that pipeline are so immense and the rewards are so petite that I really -- it's a shocking decision to me and I have yet to hear someone talk about it in a rational way that anybody would think that that could be a good decision.

[Applause]

**Greg Dalton:** Let's have our audience question.

**Dave Mason:** I'm Dave Mason and I'm really appreciating the program also. I'm with Citizen's Climate Lobby as well, like Peter, and, Bob Inglis, as you know, we greatly appreciate your advocacy for revenue-neutral carbon tax with conservatives and here tonight. I wonder how you would answer though Mr. Reilly's question where he wondered how you can argue with some conservatives for a carbon tax when they don't see carbon or global warming as a problem. How do you work that?

**Bob Inglis:** I think what you can do is focus on the health cost and you can ask them so we can divide the total cost of, say, coal-fired electricity, for example, between the cost of producing it; we know what those are, then there's some health cost and then there's some climate cost. Even if you want to put a zero in the climate column, the health costs are substantial. They're real and they're quantifiable, and right now, if you got a lung impairment, it stinks for you because 23,600 of us die prematurely each year because of coal-fired electricity. Three million lost work days. So back to Donnie's example, you get to speed through town, stinks for you if you got a lung impairment. And maybe you die early, tough for you. And you lost work, tough. We're making this cheap electricity, and see, it's real cheap. No, it's not cheap, not if you include the health cost. So even if you stipulate, for purposes of conversation, that climate change is a bunch of hooley, you're still talking about the climate cost; let's attach those. Do you agree there's a market distortion in the lack of accountability for those costs? Well, let us put those on. But start there, start the conversation there and then maybe we can get over to the additional cost of climate cost. But those health cost, real and quantifiable, and it has nothing to do with climate change. It has to do with lung impairments. So make these people accountable. Make all of us accountable for these costs. You know, biblical accountability says I can't do on my property something that harms your property. Let's follow that principle. Let's say, coal-fired electricity, hold yourself and your property.

**Greg Dalton:** I think part of the question was, though, you know, people don't even acknowledge the problem. You've said before that some of the Republican position on climate is contrary to Economics 101, what you just talked about, Physics 101 and Chemistry 101. How do you get people to accept the basic...

**Bob Inglis:** Fairly, we're not doing very well in our first year of college here are we, because if we

are failing Econ 101, Physics 101 and Chemistry 101, we're in bad shape. You know, let's call home where you say to mom and dad, "Things aren't going too well here." So, yeah, it is those basic things. I mean, that's what we have to reach. We are particularly excited with the energy and enterprise initiative about reaching to conservatives on college campuses. College Republicans, federalist societies, because we know those folks are talking the Econ 101, and you can't go to Econ 101, whoever is teaching it, whether it's the most left liberal or the most right conservative and not hear about this strange thing to some people, of internalizing the negative externalities. You can't pass Econ 101 without understanding that. And you can't pass chemistry without understanding, "Listen, you burn carbon or hydrocarbons, you're going to increase the level of CO<sub>2</sub>." That's not a theory. That's just very basic chemistry. And then the way that light comes in but radiant heat doesn't go out, that's just basic physics. Nobody disagrees with that.

**Greg Dalton:** Well, unless they watch cable TV. But let's get our next audience question.

**Holly Kaufman:** I'll be fast. Holly Kaufman. Thank you for this very intelligent panel and clearly the brilliance of our moderator who asked the question I was going to ask about Congress since the election will also involve Congress and not just the presidency. Can you all please give us some homework? We've talked about things we need to do to address this urgency problem. We can't even really wait to get to the average two degrees Celsius. We've got serious problems today. So we've talked about prices and markets, and we've talked about the environmentalists who have gone beating the doors of Congress for 30 years. We've had business leaders of Fortune 500 companies, and small companies go and talk to Congress. Job generators go talk to Congress. None of these has worked. We are going to need Congress, no matter who is president, to take action more than all the great things happening in states and cities. What can all of us do that we have not done?

**Greg Dalton:** Reelect Bob Inglis? I don't know. Could we do that from here? Donnie Fowler.

**Donnie Fowler:** Here's another story that I just love to death. And I hope it's true, but maybe it's not. Barrack Obama got elected in 2008. Everyone was very optimistic. Al Gore especially, went to the President, President elect, and said, "Oh, my gosh, here's the opportunity. Here's the moment. What are we going to do about it?" And President Elect Obama allegedly said to Al Gore, "I agree with you, Al, you're right. We have to do this. This is an issue of our time that we have to address. Now, Al, go out there and make me do it. Go out there and make me do it." And so the answer to your question is what do we do, those are the two -- whether we're conservative or moderate or liberal, what do we do is we go and we make the politicians do it. So if you're a liberal, Bob has done a fantastic job of talking about how we bring conservatives to this issue. As liberals, we're sort of already here. We're already the converted, but we often want to go outside the church and talk to the unconverted using our own language and our own theology. The truth is that the American people don't think first about the polar bears in the arctic. They don't think first about climate change. The first things that they think about are, especially now, jobs, the health of their family, and the price that they pay at the pump or on their utility bill. So as we, as progressives, think about how we go "make them do it," we have to realize that we have to talk to the American people in ways that they will respond. And if you're part of the clean energy industry, not the environmental community but the clean energy industry, you have to step up. The clean energy industry is playing ostrich because they have been so scared to death by Solyndra's failure that all of them are going to get tied with it, they won't speak up. Let me give you some numbers. Barrack Obama has received \$78,000, \$78,000 -- he's raised about \$750 million dollars. He's received \$78,000 in contributions from the clean energy industry. The dirty energy industry has given \$13 million to the Republicans, Romney and the Republican Party, and \$1 million to Obama, the Democratic Party. So there are a lot of answers to what do we do, whether environmentalists, whether we are part of the clean energy industry, whether we're just citizens. We have to put money in the table, put votes in the table, put a voice in the network, and make them do it. That's what democracy and politicians will respond to.



**Bill Reilly:** Can I just -- I would just point out something. I'd been fascinated to watch what happened in Chicago beginning in 1995 when there were 739 people died of heat stroke, twice what the number that died in the great Chicago fire in 1871. Mayor Daley got interested, assembled the scientific community in Chicago. They projected a future that was scary but could be managed, and they began to manage it. They invented a new kind of permeable pavement because they expected to get their water in a very short burst of months. It's reflective. The green roofs are very familiar. They're planning a lot more trees to cool the place. They no longer plant three species of trees, the Norway spruce, the maple or the ash, the state tree of Illinois, because they won't make it in the new plant zone. They're planting Alabama sweet gum; they're going to do great. They're improving their emergency capabilities in the hospital. They're going to have something like 45 days above 95. In the average summer, they've had 15 throughout the last century. They're doing this in a very non-ideological way. Nobody is talking about what causes the problem. It's just, hey, this is here. It's already here and now. It's happening. They're probably going to air condition the schools eventually. Those kinds of responses, I have the sense -- I used to think that's the backdoor. I'm thinking increasingly it's the front door to recognition of climate change. And people are concluding, "Hey, this looks like it's real. We better deal with it." And one thing that gives me a lot of hope about American politics, and you look the summer of 1988, we had an unprecedented number of ozone alerts, very high temperature rise, all of a sudden, climate was on the agenda. And President George H.W. Bush said he's going to be the environmental president, committed to bring the White House effect to bear and the climate effect. That could happen again. It will happen, I think, when the scientific community begins to say that a series of things is not normal variation or variability but, in fact, is a consequence of the kinds of things we have been talking about.

**Greg Dalton:** Tom Steyer, quickly, then we'll get out last audience question in here. We have to wrap it up.

**Tom Steyer:** I just want to make a couple of points about that because obviously what Bill is talking about in Chicago is the idea of adaptation, that basically we can't stop this. We're on this path. We're not -- you know, basically the carbon is going to get released, temperatures are going to go up, and therefore, we're going to take action to mitigate the effects on us. And I think that there are a lot of people who are coming to that conclusion. It's just -- I think my opinion is that an ounce of prevention here is worth a pound of cure. By the time -- you know, I always like to say, "Look at that tsunami going through Japan," and adapt to that. When it really happens, adaptation is going to be extremely difficult and extremely expensive, I think. I'd also say, in terms of what Donnie was talking about, it's not an -- I talked earlier about the different arguments that Americans can hear and who they can hear it from, and there really are only certain arguments that will move people and actually get them to change their vote and actually get them to push politicians. But the other thing that has to happen is organization because it's nice to have businesses, but as Donnie said, those businesses have to be organized in local places so that when an elected official from South Carolina is trying to decide what to do on a vote, somebody comes in who represents 15,000 working people in his district or her district and says, "This is important to our business," it really doesn't matter if they're Republican or Democratic, it really doesn't matter if they're in Kansas or California or Alaska, that's an important fact. So from my point of view, the other point is even though the arguments are always going to be the ones that Donnie was talking about, the different -- basically in politics, politics is about organization, putting groups together, and unless you do that, you really can't expect your argument to be brought home to the elected officials who are going to make the decisions.

**Greg Dalton:** Last question. Let's wrap this up quickly. Yes, sir.

**Audience:** All right. Thank you so much for such truly inspirational leadership on these very important issues. My question is, for the past two years, I've been able to work with other engineers

and scientists on a new ultra-inexpensive high efficiency and renewable energy technology. And my question is what is the best way to approach the business community about an idea like this? You mentioned that right now the renewables market perhaps isn't where it should be. So I was just wondering --

**Tom Steyer:** You need a VC, baby? I'll give you my card.

**Greg Dalton:** Okay. We have to end it there. Our thanks to Donnie Fowler, founder and CEO of Dogpatch Strategies and a Democratic consultant; Bob Inglis, former Republican member of Congress from South Carolina; Bill Reilly, former administrator of the U.S. EPA under President George H.W. Bush; and Tom Steyer, managing partner of Farallon Capital. I'm Greg Dalton.

Podcast of this and other Climate One shows are available in iTunes store for free. I'd like to thank our audience here at the Commonwealth Club and on the radio for joining us today.

[Applause]

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