

**Remarks from
John Stowell
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Good afternoon and thank you for inviting me today. My name is John Stowell and I'm the vice president for environmental, health and safety policy for the Duke Energy Corporation. Duke Energy is the third largest electric utility in the United States with nearly 4 million customers in Ohio, Kentucky, Indiana, North and South Carolina.

I appreciate the opportunity to discuss what is without doubt the most pressing environmental issue mankind has ever faced – one that will have profound impact on our future and, more importantly, on our children and grandchildren.

This is not meant to sound shrill or extreme. It's meant to convey my view that the word "Change" in climate change is more than just about temperature. It's about where we'll live, what we'll farm, where our economy will grow and shrink, how we will relate to one another and how we'll adapt.

It's also about how we'll change technologically. There are imposing risks that face us as the climate changes but it is the development and application of technology that provides us with our greatest opportunities ---- and perhaps our lifeline.

I have been working on environmental issues for 20 years and I can only echo what John Dingell, the chairman of the House Energy and Commerce Committee, said just a few days ago: This is the most complex environmental issue Congress has ever faced with implications not just for the climate but also the economy. And John Dingell has been in Congress for more than 50 years.

I'm pleased to be here to speak not only on behalf of my company, Duke Energy but also as a member of the St. Columban Catholic Community in Loveland, Ohio. I will my prepared remarks temporal, lest I embarrass myself before such a distinguished body.

But I will start with one spiritual comment – politically spiritual that is. The active participation of the religious community – Catholic, Protestant, Jewish and others – has already played a critical role in how climate change is being viewed in Washington. These are important constituencies and when they stand up and shout that something needs to be done – the message is received loud and clear.

Back in 2004, my company --- which was then the Cinergy Corporation --- was asked by one of our shareholder groups, the Presbyterian Church, USA, to prepare a report outlining the risks we, as one of the nation's largest coal-burning utilities, was preparing for a world of carbon constraints.

I worked with the Rev. William Somplatsky-Jarman on this report, which we released in December 2004 and is still on our website. Bill was invited to speak to our Board of Directors and he mesmerized them with his understated but moving tribute to a blue planet that God had made for us and we were trusted to keep.

I have heard the same message today and it reminds me of the important work we need to get done sooner rather than later. It may be a surprise to you that a utility company that faces

discernable risk in a carbon-constrained world wants to see carbon dioxide regulated. But we do and we've been working for five years to get Congress interested.

Why?

Well, we are not altruistic. We are a business, entrusted and, in fact, required by our regulators to provide on-the-spot electricity 24 hours a day 7 days a week at the lowest cost possible. Reliable, low-cost power drives the economy, which creates jobs and raises all of our standards of living.

It has been more than 25 years since we have built a baseload electric generating plant in any of the five states in which we do business. Meanwhile, there's been substantial customer growth and explosive demand growth. Just think how electrified your home is today. Televisions, computers, washers and dryers, air conditioning, dishwashers, iPods, cell phones, Blackberries and GameBoys – you name it. And that's just your house.

We need to build new generation and it's difficult to make plans when you don't know what the rules of the road will be. We know – don't we? – that Congress will pass a greenhouse gas bill. But when? And what kind of generation do we plan if we don't know? Utilities love certainty....especially when they are planning a \$1 to \$2 billion investment.

So, we have advocated loudly and often for Congress to act. We need a national purpose. The individual state and regional plans we've seen create a patchwork quilt of regulation that doesn't solve the problem and makes the economics fall apart. We need one national cap, one national carbon market and flexibility to meet the new rules of the road in the most cost-effective way possible.

That's what Congress is aiming for, perhaps as early as this year. We have offered several suggestions which I'll briefly share with you.

1. A national program needs to incorporate all sectors of the economy – utilities, transportation, heavy industry and buildings
2. It needs to use the market, through a cap and trade system, to promote the least cost approach while still getting the reductions we need.
3. It needs to promote speedy development and deployment of the new technologies that aren't there today ---- but will be tomorrow as the new regulatory regime makes their production a business opportunity.
4. This is particularly important for the state of Ohio and most of the Midwest: It must find a continued place for the use of coal to produce electricity and it must address the potential for our region to be disproportionately impacted by climate legislation.
5. Finally – there is no one solution; we need a cafeteria approach. We need renewables, energy efficiency, conservation, clean coal, and – yes - nuclear. We are not going to get where we need to be without all of it.

As I said at the beginning, solving climate change is complicated. It demands a long-term, decades-long focus. It requires international cooperation. The domestic politics are tricky. The technology is uncertain. And it will be expensive.

The goal should be to keep costs down and help those – including the poor – who will be disproportionately impacted. I think Congress will do just that, recognizing there has to be SOME cost to the economy to affect the way in which we produce and consume energy but not so much as to split the safety net for our neediest citizens.

Since the Industrial Revolution began 250 years ago, we have lived in a world dominated by the carbon atom. We are living today with its fruits and its consequences. Climate change will usher in a new technological revolution as we move to decarbonize and become a cleaner, more energy efficient society.

But it must start first with government regulation of greenhouse gases. And it should start now. Thank you.