

Addressing the Challenges of the Energy Industry

An Interview with Robert B. Catell,
Chairman, National Grid USA

EDITORS' NOTE After earning his bachelor's and master's degrees in mechanical engineering at the City College of New York, Bob Catell joined Brooklyn Union Gas Company (later merged into KeySpan Corporation) in 1958. His rise through the company's ranks culminated in his appointment as President and CEO in 1991 and Chairman and CEO in 1996. A registered professional engineer, Catell assumed his current posts upon the acquisition of KeySpan by National Grid in August 2007.



Robert B. Catell

COMPANY BRIEF National Grid (www.nationalgrid.com) is an international energy company providing natural gas and electricity in the United Kingdom and the United States. In the United States, National Grid serves a population of about 15 million in Massachusetts, New Hampshire, New York, and Rhode Island. Through its electricity and natural gas transmission systems, National Grid serves the entire United Kingdom. It is also the largest distributor of natural gas in the northeastern United States, serving approximately 3.4 million customers in New York, Massachusetts, New Hampshire, and Rhode Island.

Has the energy debate delivered any effective solutions?

We've wasted almost 30 years not developing a national energy policy. There is more focus today by the general public on energy, and most of that is driven by higher prices at the gasoline pump and higher utility bills – it's what Americans respond to.

How challenging is it to prioritize energy issues, and what key areas should be discussed?

There is no single solution; no silver bullet will give us energy independence. We certainly need to reduce our dependence, particularly on imported oil from unfriendly countries, but the solution has to be multifaceted. It all starts with energy conservation and efficiency. We also need to increase the amount of renewable energy in our mix, such as wind, solar, and biofuels. We must also increase the use of natural gas in applications where it makes sense, including transportation to back out imported oil. As a nation, we

must ramp up research and development of clean coal and build new nuclear. We really need it all.

Is there an effective long-term focus on these issues?

This has to be a long-term focus. There are no quick fixes. It will take 10 years to completely permit and build a nuclear plant, so at a minimum, you're talking about a 10-year period, and realistically, you're talking about a 10- to 20-year period, but you can take steps in the near term, which comes back to conservation and efficiency. That is

something we can do quickly and easily and in a cost-effective manner. National Grid recently cosponsored a McKinsey study on energy efficiency, which demonstrated that there are immediate steps, such as lighting and building standards, that have a very rapid payout in energy cost savings.

How critical is nuclear as a component of the energy solution?

Without nuclear, it will be extremely difficult, if not impossible, to meet the increased demand for energy. Unlike carbon fuels, nuclear does not generate greenhouse gas emissions, so it has got to be part of the mix going forward. The challenge is to educate the consumer, raise the capital, and resolve the waste issue.

Is energy-efficient building going to become the norm in the future?

As developers, businesses, and others look toward new construction, they obviously have to keep energy efficiency and the environment in mind. New buildings not only have to meet all the traditional codes, but also be truly energy-efficient and environmentally sensitive. This requires the use and development of new technologies. In this energy cost environment, it makes no sense to build without integrating these new materials and energy management technologies. We also know that LEED-certified efficient buildings are attracting premium rents in the marketplace.

Is new technology allowing us to make advances?

New technology is an essential enabler in meeting our long-term energy needs. It is critical, and that's where public and private sector spending is so important. We have not, in the past 10 to 20 years, spent the amount of money on research and development in the energy sector that we should have to develop these new

technologies. Failure to invest now will leave our city and our country uncompetitive in this new energy price environment.

Could you have imagined that you would spend 50 years in the field, and what excited you about it to make this your career?

When I graduated from college and got my first job in the utility sector, it was with a telecommunications company. Would I have thought at that time that I would spend 50 years in the utility energy business? Not at all, but I found it to be very rewarding. I joined an industry rapidly expanding the use of clean-burning natural gas. Little did I know at that stage of my career that, 50 years later, we would still be reinventing ourselves, driving new technologies and new forms of energy efficiency and renewable sources of generation, and forming a new compact between the energy industry, its regulators, and policy leaders.

How critical is it for companies to be engaged within their community, and where does your commitment to corporate responsibility come from?

It's absolutely critical for leaders and their companies to be engaged in the community. For me, it starts with my upbringing. I was raised by a single parent, and I give my mother credit for all of the good things that she instilled in me growing up. One thing she taught me is that it's important to give back and make a difference in the world. Working for Brooklyn Union, which had a culture of giving back and being sensitive to the community, also helped foster that in me, so it became second nature. It's important for companies, particularly companies like utility companies that are so dependent on the community that supports them, to give back to the community.

What makes the Partnership for New York City so effective?

It starts with the leadership of the Partnership. You have top business leaders coming together, all who have a deep interest in making sure we have a good business environment and are concerned about the quality of life in New York. We have a lot of dedicated people in the business community, and the Partnership has been able to forge a good working relationship with elected officials. So it's a public/private partnership that starts with the leaders of the business community who care a lot about this city. ●